

FINANCIAL TIMES

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The need to plough ahead on schedule

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CAMPBELL FOR TOBACCO-FREE KIDS



Tobacco deal

Will Congress buy it?

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Foreign Exchange

Spot dealers feel the pinch

Today's survey, separate section



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Put thy trust in Blair?

TOMORROW

World Business Newspaper <http://www.ft.com>

FRIDAY APRIL 18 1997

Russian budget in deep crisis warns Chubais



Russia was in the throes of a "monstrous" budget crisis which put the very existence of the state in jeopardy, first deputy prime minister Anatoly Chubais (left) said. In the first quarter the government collected only 56.6 per cent of targeted revenues.

ment of taxes by Russia's biggest companies. To bring the budget into line with the state's ability to collect revenues, Mr Chubais said at least Rb100,000bn (\$17.4bn) would have to be cut from planned expenditures. Page 16

Kohl and Yeltsin disagree: German chancellor Helmut Kohl and Russian president Boris Yeltsin failed to resolve differences over the possible stationing of Nato forces in new members of the western defence alliance. Page 16

Peugeot-Citroën profits fall 57%: French car group Peugeot-Citroën reported a worse-than-expected 57 per cent decline in annual profits to FF773m (\$126.8m) from FF1.7bn. Chairman Jacques Calvet blamed overcapacity in Europe and a price war. Page 17; Lex, Page 16

Digital ahead of expectations: Computer manufacturer Digital Equipment reported higher-than-expected third-quarter net income of \$51m, down from the same period last year but a significant improvement on the previous quarter. Page 17

Japan's surplus with US rises: Japan's trade surplus with the US rose for the sixth consecutive month to \$379.8bn (\$3bn) in March, adding to fears that the weak yen could reignite trade friction between the two countries. Page 8

Apple may face takeover bid: Heavy second quarter losses at Apple Computer may pave the way for a takeover bid by an investment group led by Larry Ellison, chairman and chief executive of Oracle, who is believed to have lined up prospective investment partners. Page 17

N Ireland murder charges: A man appeared in court in Northern Ireland charged with murdering three British soldiers including Lance Bombardier Stephen Restorick, who was killed with a single bullet in February while manning a checkpoint in the republican stronghold of south Armagh. Page 11

Mazda and Ford strengthen alliance: Mazda and Ford strengthened their alliance by agreeing to synchronise a number of production cycles and to share car body platforms and transmissions. Mazda president Henry Wallace said. Page 17

Okinawa land bill approved: Japan approved a controversial bill to allow it compulsorily to allocate land to the US military on the southern island of Okinawa, reluctant host to the biggest US bases in south-east Asia. Page 8

McDonnell Douglas earnings slip: Earnings at aerospace group McDonnell Douglas, which is due to be merged with Boeing, slipped to 86 cents a share in the first quarter from 89 cents last year, reflecting the company's dependence on military business and fading role in the commercial aircraft market. Page 17

Vietnam warned of confidence crisis: Vietnam's government and public sector needs to become more efficient or international confidence could be eroded, the Asian Development Bank warned. Page 16; ADB predicts regional recovery in exports. Page 8

Debt relief plan at risk: The joint World Bank-IMF debt relief plan for the world's poorest countries is in danger of collapse, putting the lives of more than 3m children at risk, Oxfam International warned. Page 6

Former Israeli president dies: Former Israeli president Chaim Herzog died near Tel Aviv, aged 78. Irish-born Herzog, a former United Nations ambassador, was the country's president for 10 years until 1993 when he was succeeded by President Ezer Weizman. Obituary. Page 6

FT.com: the FT web site provides online news, comment and analysis at <http://www.ft.com>

STOCK MARKET INDICES		GOLD	
New York Composite	5707.17 (+27.30)	New York Gold	342.1 (\$41.1)
Dow Jones Ind. Av.	5707.17 (+27.30)	London Gold	343.05 (\$40.35)
NASDAQ Composite	1223.06 (+12.78)		
Europe and Far East			
CAC40	2015.16 (+5.70)		
FTSE 100	2393.25 (+20.80)		
Nikkei	10,053.41 (+62.21)		
US LUNTIME RATES		DOLLAR	
Federal Funds	5.25%	New York Composite	1.6305
3-mth Treas. Bills	5.25%	DM	1.7215
Long Bond	5.41%	FF	5.7945
Yield	7.05%	Sfr	1.4055
		Y	125.83
OTHER RATES		London	1.6280 (1.6221)
UK 3-mth bank	6.1%	DM	1.7257 (1.7250)
UK 10 yr Gilt	5.81%	FF	5.8075 (5.8121)
France 10 yr Gilt	5.81%	Sfr	1.4171 (1.4172)
Germany 10 yr Gilt	5.81%	Y	125.57 (125.6)
Japan 10 yr Gilt	5.81%	Tokyo close	Y 125.8
NORTH SEA OIL (Argus)			
Brent Dated	\$17.185 (17.295)		

Netanyahu vows to stay

Setback for peace talks as Israel awaits decision on charging PM

By Judy Dempsey in Jerusalem

Mr Benjamin Netanyahu, the Israeli prime minister, yesterday vowed to stay in power in spite of recommendations by the police that he should be indicted for breach of trust in a corruption scandal.

Allegations of a conspiracy over the appointment of Mr Roni Bar-On as attorney-general have rocked the stability of the government and further set back the Middle East peace process. Mr Bar-On resigned a day after taking office in January.

Addressing a Likud rally in Tel Aviv, Mr Netanyahu told his supporters he was convinced "the truth will win. The government is not going anywhere. We are staying where the people and history put us." He promised he would lead Likud into victory again in elections due in 2000.

Mr Shimon Peres, leader of the opposition Labour party, called for new elections.

The mood among Likud supporters was subdued as the government awaits the decision by Mrs Edna Arbel, the state attorney, on whether to indict Mr Netanyahu and three of his associates, Mr Avigdor Lieberman, head of the prime minister's office, Mr Tzahi



Israeli prime minister Benjamin Netanyahu tells supporters in Tel Aviv yesterday that he has no plans to resign

Hanegbi, the justice minister, and Mr Aryeh Deri, leader of the Shas ultra-Orthodox party.

Mrs Arbel is expected to make her decision this week after reading the 996-page police report on Mr Bar-On's appointment. It centres on Mr Deri, who allegedly backed Mr Bar-On's appointment in return for a plea bargain for a

separate corruption charge he faces, and for apparently supporting the Israeli troop withdrawal from the West Bank town of Hebron.

Mr Netanyahu's attempts to rally the party did not reassure diplomats involved in the peace process or the markets.

Mr Dennis Ross, the US Mid-

dle East peace envoy, yesterday met Mr Netanyahu and Mr Yitzhak Mordechai, the defence minister, and was planning to meet Mr Yasser Arafat, president of the Palestinian Authority, last night.

But diplomats said the scandal would delay attempts to reinstate the peace process. There was also concern

among Palestinians and diplomats that Mr Netanyahu would adopt a much tougher line to try to win back support from his coalition partners.

Several of the parties met

Continued on Page 16
Nervous wait, Page 4
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Editorial Comment, Page 15

BT wins landmark competition case

By Alan Cane in London

German court rules against Global One

British Telecommunications yesterday claimed victory in a landmark court case in Germany which could have profound implications for the future of competition in Europe's telecoms markets.

The Düsseldorf High Court yesterday ruled that Global One, a strategic alliance between Deutsche Telekom, France Télécom and Sprint of the US, had been in breach of European competition rules because it had started trading before meeting conditions imposed on it by the European Commission.

The court said Deutsche Telekom, which distributes Global One's services in Germany, was liable for costs and damages. The damages could

amount to "tens of millions of pounds" - the court will determine the sum separately after an investigation of Global One's business activities.

The alliance, which offers international services to multinational companies, was obliged to seek approval from the Commission because both Deutsche Telekom and France Télécom operate in closed markets. It agreed to begin trading when two or more licences had been issued to competitors in each country.

In fact, Global One admitted it began trading several months before meeting the Commission's conditions. Deutsche Telekom said yes-

terday the court's decision was not final and that the extent of the damages had not been set. It is considering an appeal.

The case had been brought by BT and its German partner, the industrial group Viag. Their action was one of the first in which a national operator has sued another for anti-competitive practices.

The ruling should go some way towards reassuring investors who are worried that regulation in Europe's liberalising telecoms markets will favour incumbents at the expense of rival operators.

Mr Tim Cowen, BT's head of European law, said yesterday: "It is important to preserve a

level playing field. We want to compete, and compete fairly but will take action to safeguard our interests wherever necessary."

Mr Lutz Meyer-Scheel, managing director of Viag Interkom, the joint venture between BT and Viag, said: "If Global One had been allowed to proceed in breach of the

Commission's conditions, it would have gained an illegal advantage at a time when the market is at a critical stage of development."

The court's ruling will come as an embarrassment to Global One, which ended 1996 with annualised revenues of \$800m but greater losses than expected. Its chief competitors are Concert, the alliance between BT and MCI of the US and WorldPartners, the alliance led by AT&T of the US.

Continued on Page 16

Anglo American offers to cut stake in Lonrho

By Emma Tucker in Brussels

Anglo American Corporation, South Africa's biggest company, has offered to reduce its 28 per cent shareholding in Lonrho - raised from just under 10 per cent last October - to less than 10 per cent.

This is being seen as a capitulation to the European Commission's view that the larger stake would create excessive concentration in the global production of platinum.

The surprise move should allow the EU's anti-trust authorities to give the deal the go-ahead. Mr Karel Van Miert, the competition commissioner, is expected to give his formal approval next Wednesday.

"This commitment will allow the Commission to say yes," said an official last night. "There is no problem."

Anglo's last-minute move comes just days before a five-month inquiry into the mining house's £360m purchase of a stake in Lonrho was due to

end. "Anglo maintained quite a hard position right up until the end," said a Commission official.

"But when they saw that the Commission did not blink they realised they had to change their offer."

Anglo, which made no comment yesterday, has always made clear that its main reason for buying the Lonrho holding was to get closer to Ashanti Goldfields of Ghana, in which Lonrho has a 31 per cent stake.

Mr Van Miert had signalled his opposition to the deal from the start of the inquiry, arguing that the 28 per cent stake was incompatible with EU anti-trust regulations.

Last week an advisory committee of EU national experts said that as Anglo was already the dominant global platinum producer, controlling about 86 per cent of the output, it should not be permitted to add Lonrho's platinum division to this.

Platinum is an essential material in many catalysts, including those used by the motor and chemical industries and the Brussels authorities feared Anglo would have been able to dictate the price of platinum for European manufacturers of products such as catalytic converters and jewellery.

Under the terms of the deal, Anglo will divest all but 9 per cent of its shares in Lonrho. The rest will be put in the hands of a trustee which will have to be approved by the Commission.

The trustee will have two years to sell the shares to companies which are independent of the Anglo American group. Anglo bought the bulk of its Lonrho shares at 18p. They closed last night at 185p.

Last night EU officials indicated the reduction in the stake to less than 10 per cent allowed Commission fears that Anglo was taking de facto control of Lonrho.

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NEWS: EUROPE

Romania to slash state subsidies

By Anatol Llieven
in Budapest

The Romanian parliament yesterday passed an austere budget slashing industrial and farming subsidies and said it would auction or close 10 loss-making plants.

The centre-right government plans to reduce the budget deficit from 5.7 per cent of GDP last year to 4.5 per cent in 1997. This would still be well above last year's International Monetary Fund target of 2.2 per cent of GDP. But the Fund is expected to welcome the new government's determined change of direction, after the spending spree by the last Romanian administration before last November's elections.

One western analyst said: "They're doing their best, and that has to be recognised."

Former communist opposition deputies predictably attacked what they called a "recessionary budget", and there have been rumblings of discontent from labour organisations.

The need to reduce sharply government credits to industrial and agricultural enterprises was emphasised by Mr Paul Thomsen, IMF vice-president, during his visit to Romania last week.

Romanian National Bank analysts have estimated that if the debts and arrears of state-owned companies were to be added to the budget deficit, this would rise to 12

per cent of GDP.

The 10 major loss-making state-owned plants to be "administratively liquidated" account for around 7.5 per cent of the total commercial losses in Romania. The enterprises will be auctioned, and those which fail to find buyers would wind up. Twenty state animal farms will also be wound up or sold.

The initial government list for liquidation was published last week, but then, in a rather chaotic episode, withdrawn after protests from some of the companies involved, which declared that this was the responsibility of the State Ownership Fund (SOF). In response, the government this week brought SOF under its direct control.

The new list omits two of the companies on the original list, notably the Tomix textile plant, which was in fact privatised several weeks ago, and adds two smaller ones, a brewery and a greenhouse enterprise. However, it still includes two of Romania's largest oil refineries, Petromidia and the Black Sea Coast and Darnaesti in the eastern town of Bacau.

The closure of these plants will be politically sensitive. Not merely are they national prestige symbols from the Ceausescu era, but Darnaesti is the only major employer in its region. SOF is reported to have been discussing selling part of Petromidia to Daewoo.



An Italian paratrooper in Vlore yesterday preparing for deployment of Greek forces

Colonels meet rebel leaders in Albanian port of Vlore

Wary welcome for Italian troops

By Guy Dinmore in Vlore

"We all want the Italians," said a boy on the quayside watching an Italian mine-sweeper patrolling the entrance to the Albanian port of Vlore. Behind him stood the looted remains of Vlore's customs house and streets littered with wrecked cars and piles of rubbish.

An Italian-led eight-nation

European force of 8,000 troops began arriving by sea and air this week to help secure aid convoys - but they have so far confined themselves to central and northern Albania which is under government control. Yesterday a small force of

Italian troops inspected the rebel-held southern port of Vlore and met rebel leaders. Greek and Italian forces plan to land there soon. Italian forces had feared a difficult reception in Vlore after an Italian warship hit and sank a boat of Albanian refugees fleeing across the Adriatic. But yesterday the only blood being shed was that of sheep - slaughtered at the roadside by farmers ahead of today's Muslim Bairam festival.

Vlore, Albania's second

largest port, has been under rebel control since February when a mass insurrection erupted against the president following the collapse

of fraudulent pyramid schemes in which many Albanians lost their life savings. Mr Ekrem Osmani, who calls himself defence commander of the rebel committee of public salvation, said he assured the two Italian colonels of his full support. "We promised them that not only the people of Vlore would welcome them but that the committee would help them in any way," said Mr Osmani, a former army officer sacked by the president.

However, not all residents were so welcoming. "It's better to have Japanese soldiers," said a man with a Kalashnikov rifle guarding

the rebel headquarters. "The Italians have robbed us for centuries."

Asked what he would do if an Italian soldier tried to disarm him, he replied: "I would skin him alive and his mother would cry for him in Italy."

Mr Sozen Malej, a 50-year-old unemployed teacher, said he supported the rebel committee but believed Albania was making a tragic mistake by allowing in foreign forces.

"Historically, the ruling class of Albania has regularly asked for foreign support from abroad. After they came, they wanted to conquer Albania."

UBS comes clean on gift to Holocaust fund

By William Hall in Zurich

Union Bank of Switzerland, the most powerful Swiss bank, admitted yesterday that concerns about the future of its important US business were one reason it had contributed \$1.5bn (\$2.4bn) to the \$1.5bn humanitarian fund being set up for needy victims of the Holocaust.

Mr Robert Studer, UBS chairman, told the bank's annual meeting that while its contribution to the humanitarian fund was justifiable on moral grounds, it was also "strongly motivated by our business activities in the US, which are important for the overall performance of the UBS".

The big three Swiss banks all face multi-billion dollar class actions in the US, accusing them of profiting from the unclaimed bank accounts of Holocaust victims. In addition, the Swiss banks are increasingly worried about possible boycotts of their US businesses.

It has been widely assumed that the humanitarian fund, which was founded with a \$1.5bn contribution from the three Swiss banks, was set up to defuse the mounting pressure in the US. However, UBS is the first big Swiss bank to be quite so honest about its intentions in participating in the fund.

Mr Studer said that political initiatives were being launched in a number of US

states to prohibit public agencies from dealing with Swiss banks and other Swiss companies. Mr Mathis Caballavetta, UBS's chief executive, said that although UBS had held intensive discussions with its Jewish clients it was still encountering a strong groundswell of opinion among its clients and the authorities in the US.

Mr Studer incensed Jewish leaders last year by referring to estimates of the size of the money in the dormant accounts of Holocaust victims as "peanuts". He has also been accused of being less than enthusiastic about the establishment of the fund. However, he went out of his way yesterday to stress his commitment to the fund and said that the only difference of opinion had been over timing.

Meanwhile, the Swiss government is concerned at the delays in appointing the fund's seven-strong executive. It had hoped to get agreement on the Jewish representatives this week. However, Jewish leaders have yet to agree on the three members they want to propose.

In a bid to speed up the process, the Swiss government announced on Wednesday evening that Mr Rolf Bloch, president of the Swiss Federation of Israeli Communities, had been appointed president of the fund, along with three former Swiss politicians - Mr Bernard Ziegler, Mr Josi Meier and Mr René Bacher - drawn from the three main political parties.

Bitter-sweet division over Turkey's troubled economy

The Islamic government's unconventional policies are making orthodox economists writhe, reports John Barham

The International Monetary Fund's prescription for Turkey's troubled economy is a "bitter remedy", says Mr Necmettin Erbakan, the Islamist prime minister.

He prefers his own patent "sweet remedies" - but so far they have yet to work. In December Mr Erbakan announced Turkey's first balanced budget. On Monday the treasury announced a \$3.46bn deficit for the first quarter. Mr Erbakan, on pilgrimage to Mecca, said nothing.

Economists have warned that the outlook for the economy is little better than last year's poor performance. Increased government spending boosted the economy by 7.9 per cent last year, doubling the deficit budget deficit to 8.9 per cent and holding inflation at 80 per cent.

Instead of standing on the brakes, Mr Erbakan opted for headlong expansion. He said "our target is to make our country the world's fastest developing country... the growth rate will be 14 per cent not 4 per cent as planned). Inflation will fall below 10 per cent. The Turkish lira will become a hard currency. In this way we will create a strong Turkey." This would be achieved, not through "the bitter remedies" of Latin America and Israel, but by more "sweet remedies".

There would be no retrenchment. Instead, he decided that anybody could import a used car free of taxes and duties if they

Turkey: balancing the budget



Necmettin Erbakan prime minister

Source: WGI Barings

deposited DM50,000 (\$29,000) for a year at state-owned Ziraat Bankasi which would also pay 10 per cent interest. Mr Erbakan said this "created a resource of \$1.5bn."

Mr Erbakan offered the 3m-odd Turkish workers in Europe the right to draw state pensions in Turkey if they paid the government's pension fund a \$12,500 lump sum and waited three years before claiming. Mr Erbakan expects to raise \$5bn with this scheme, which would earn "the treasury a profit of \$1bn and (allow) this money to be used by the treasury for three years."

Not all the government's ideas are unconventional. It revived the moribund privatisation programme by selling nearly \$900m-worth of small state companies between January and March. However, political deadlock could frustrate plans to raise billions through selling the telephone operator, industrial companies and power plants.

Although his policies make orthodox economists writhe, Mr Erbakan has

brought in enough cash to avoid the immediate funding crunch many experts had predicted for the fourth quarter of 1996 or the first quarter of this year. Mr Erbakan claims his succession of packages raised \$10-12bn, although most economists say this figure is greatly exaggerated.

Mr Erbakan says this helped slash real interest rates to 15 per cent - which are anathema to him as a strict Muslim as well as a considerable burden on the treasury. Last year the treasury paid average real interest rates of 32 per cent a year on its local-currency debt which hit almost \$30bn by last December.

Nevertheless, high interest rates have pulled in short-term capital, swelling the central bank's reserves of \$17bn and providing it with ammunition to defend the currency.

Economists doubt Mr Erbakan's luck will last. Interest rates only fell because acute political uncertainty waned with the formation of his Islamist-led

coalition last summer. Rates moved up sharply following confrontation with the secularist military in February. Seasonal factors and heavy debt repayment schedules are likely to force rates up again in the autumn.

Excessive growth is less a symptom of dynamism than of reckless government policies. An investment banker says: "How can the economy be better if inflation is still 80 per cent and the budget deficit is so big?" He says Mr Erbakan's "resource packages" are really disguised loans, not structural reforms that could produce stable growth. Instead, the government is postponing the unavoidable "bitter remedies".

Better tax collection would help control the budget deficit: the unregistered economy is equivalent to about half of gross domestic product. The state pension system, which could post a \$2.7bn deficit in 1997, needs radical reform. Aggressive privatisation, deregulation and destruction of monopolies would further streamline the economy.

These are some of the policies the International Monetary Fund is urging on the government. Mr Erbakan has been able to ignore the Fund's advice because, so far, a vigorous private sector has generated plenty of hard currency. Like his recent predecessors Mr Erbakan is relying on private companies to deliver growth and help Turkey survive in an environment where uncertainty is the only certainty.

EUROPEAN NEWS DIGEST

Space official to move jobs

The administrative board of Europe's ArianeSpace last night named Mr Jean-Marie Lutton as the next chairman of the ArianeSpace Participation holding company. But it postponed until next month a decision on the future head of ArianeSpace SA, the satellite launching organisation's industrial and commercial operating company.

The move is thought to reflect tension over the French government's desire for Mr Lutton, director-general of the European Space Agency, to take over from Mr Charles Bigot as chairman of ArianeSpace, a French-based 53-company consortium. Its choice sparked an argument with European aerospace executives after Mr Francis Avanzi, who had been due to take over the job in July, but was told last month he would not now do so.

A statement yesterday said the board had recognised Mr Avanzi's suitability to be chairman. Mr Francis Fillon, space minister, said he wanted Mr Avanzi to stay at ArianeSpace.

David Owen, Paris

CompuServe rejects charges

CompuServe, the US-based Internet and consumer online service, said yesterday that it would "vigorously" oppose pornography charges filed against the general manager of its German operations.

The company said the charge was "entirely groundless" adding that it believed Mr Felix Somn, general manager of CompuServe's Munich office, would be vindicated. German prosecutors disclosed on Wednesday that they had indicted Mr Somn on charges related to the distribution of child pornography over the Internet. The case, which is being closely watched throughout the worldwide Internet industry, stems from an investigation begun in 1995 by the German authorities which forced CompuServe to shut down more than 300 Internet newsgroups which were suspected of carrying pornographic material.

Germany's Internet industry said it expected more indictments to follow in a move which traditionalists fear marks the start of an attempt to impose content legislation on "cyberspace".

Paul Taylor, London

Greek-Turk talks on cards

Mr Costas Simitis, Greek prime minister, held urgent meetings with his senior ministers yesterday to discuss a European Union initiative for starting a dialogue with Turkey, according to government officials. They said Athens and Ankara were close to agreeing the establishment of a committee of experts from each side to discuss ways of tackling differences, including territorial feuds in the Aegean Sea.

It is the first time the two rivals have considered talking since January last year when they came close to war over rights of two uninhabited islets in the eastern Aegean.

The sudden rapprochement was the result of a meeting in Malta this week between Mr George Papandreu, the alternate foreign minister, and his Turkish counterpart, Mr Onur Oymen, at which the EU initiative was put forward.

Athens, Reuters

Poorer prospects for refugees

War refugees and asylum seekers in Germany will have the social welfare payments they receive cut by 20 per cent under a proposed agreement between the Bonn coalition parties and the Social Democrat opposition, parliamentary party officials said yesterday.

The expected annual saving of some DM400m (\$235m) would be partly offset with an annual contribution by the Länder (regional states) of DM200m toward the cost of building homes for Bosnian refugees being sent back.

The compromise deal would modify a bill passed by the Bundestag (lower house of parliament) but rejected by the Bundesrat (the second chamber representing the states) last year. It still has to be approved by the Länder.

The cuts would hit above all estimated 300,000 war refugees in Germany, mainly from the former Yugoslavia who have hitherto received welfare payments on the same basis as Germans. Asylum seekers have already had their welfare payments cut by 30 per cent for the first year of their stay.

AFP, Bonn

Chernobyl waste plant plan

A waste treatment plant is to be built inside the exclusion zone around the Chernobyl nuclear power station, an official of Ukraine's emergency situations ministry said yesterday. It will treat nuclear waste from within the zone, including that remaining inside Reactor 4, which exploded in April 1986.

The plant is expected to cost some \$77m, towards which the Ukrainian government has earmarked some \$15m from the budget, the official said. Help with financing is likely to be sought from the international community. A delegation of 20 experts from the Group of Seven industrialised nations is expected next week to review problems associated with Reactor 4.

AFP, Kiev

Slovaks target trade deficit

The Slovak government is preparing a series of measures to narrow the country's widening trade deficit, Mr Jan Foltin, deputy economics minister, said yesterday. Short-term moves would include changing the policy for extending state guarantees for loans. "At present, almost every government loan guarantees goes to cover imports... the guarantees will now also go to export loans." Medium-term measures would aim to limit import of goods also produced in Slovakia and to give protection against subsidised imports. The trade deficit was \$10.6bn (\$32.2m) in the first two months, against \$13.2bn in the same period last year.

Reuters, Bratislava

ECONOMIC WATCH

Business index falters

Western Germany



A closely watched leading indicator of German economic conditions faltered in March, but not sufficiently to damp down hopes of a continuing recovery. The Munich based Ifo economic research institute said its business climate index for western Germany dropped to 92.4 last month from 93.6 in February, confounding market speculation about a strong rise. But the consensus among analysts was that the net increase from December's 90.9 level pointed to further growth.

Optimism was constrained, however, by a federal statistics office report of 2,482 insolvencies in January, up 5.9 per cent from January 1996. Preliminary figures also showed a sharp 5 per cent drop in the value of retail turnover in February compared with the same month last year and a 6 per cent volume decline. Sales, adjusted for seasonal and calendar variations, fell in value by 0.2 per cent between January and February but rose by 0.2 per cent in real terms.

The German federation of industry yesterday said high unemployment and a lack of public funds meant there was no sign of a broad-based recovery despite strong exports and a revival of investment.

Peter Norman, Bonn

Sceptics expose 'unbiased' single currency campaigner in pay of Brussels

Austria's Emu spokesman resigns

By Eric Frey in Vienna

The Austrian government's attempts to convince a sceptical public of the advantages of European economic and monetary union suffered a severe setback yesterday when the chief spokesman for its Emu campaign resigned after it was revealed he had signed an agreement with the European Commission to promote its views.

The finance minister appointed Mr Gustav Raab, the former chairman of the association of savings banks, as the chief spokesman of its Sch40m (\$3.3m) information

campaign on April 1, promising that he would give balanced information on the advantages and drawbacks of Emu and not be a mouthpiece for EU propaganda.

This followed a backlash against the governing parties in recent elections partly because many Austrians felt the government had given one-sided information and excessive promises before the referendum on membership in June 1994.

But on Tuesday, the Austrian daily Salzburger Nachrichten reported that Mr Raab was among 14 economists and bankers in Austria who joined the Commis-

sion's "Groupeuro" speaker's programme and committed themselves to present only the EU's point of view in public speeches. In return, the Commission promised better access to information on the Emu and a fee of Ecu300 (\$342) for each appearance.

Mr Raab said he did not give a single speech and cancelled the contract before taking on his new post. However, the Commission said the letter never arrived.

Mr Raab insisted that he did nothing wrong but added that "objective and credible information for the public is so important that it should

not be compromised by debate about my person".

The finance ministry said it would appoint a successor in the next few days. The far-right Freedom party and the Greens, which both oppose the euro, urged the government to cancel its whole campaign.

Amid the storm over Mr Raab's contract, the Austrian trade union association OGB cancelled its participation in the PR campaign and its president Mr Franz Verzetitsch warned unions might turn against Emu if the government failed to combat unemployment.

As several of Austria's

best known economists signed the "Groupeuro" contract, it could also undermine their credibility in the public debate on the Emu. Across Europe, there are 180 economists and bankers under contract. Critics say the agreement is legitimate but its wording makes it appear as if participants are no longer allowed to present their personal views.

Austria is likely to be in the first round of Emu membership, but public support is far from sure. In the latest survey, 39 per cent leaned against the euro and only 15 per cent were in favour. The remainder were undecided.

FINANCIAL TIMES
Published by The Financial Times (Europe)
GmbH, Verlagsgasse 3, 1010 Frankfurt am Main, Germany. Telephone ++49 69 150 530. Fax ++49 69 596 481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brand, Colin A. Keenan as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 1 Burlington Gardens, London, W1X 1LE. Shareholder of this company is Pearson plc, registered at the same address.

GERMANY:
Responsible for Advertising content: Colin A. Keenan, Printer: Hübner International Verlagsgesellschaft mbH, Adm.-Rosenfeld, Schwanen 3, 63261 New Isenburg. ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

FRANCE:
Publishing Director: P. Maravigna, 42 Rue La Boétie, 75008 PARIS. Telephone (01) 576 8254. Fax (01) 576 8253. Printer: S.A. Nord Editeur, 1571 Rue de Calix, F-93100 Rosny-Bois Coq. Editor: Richard Lambert, ISSN 1146-2733. Commission Paritaire No 679803.

SWEDEN:
Responsible Publisher: Hugh Carnegie 468 916 0086. Printer: AB Kvalitetstryckeriet, PO Box 6007, S-590 06, Jönköping.

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Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

Moscow's electricity supplier drops plan to limit shareholders' rights

Mosenergo forced to give way

By Chrysis Freeland in Moscow

Russian reformers and foreign investors scored an important victory yesterday with the decision by Mosenergo, a prominent utility company, to abandon plans to limit shareholder rights.

The move, which followed intense pressure from foreign investors and the new, market-oriented cabinet, was welcomed as a sign that President Boris Yeltsin's recently appointed team has the will and the authority to defend private investors.

Mosenergo, with supplies Moscow's electricity, took its

decision at a board meeting yesterday under the influence of the new, progressive management of United Energy Systems (UES), the national electricity monopoly which is its biggest shareholder.

According to a company statement, "the board of directors took the decision to drop from discussion and voting... questions of limiting voting rights of shareholders with stakes larger than 1 per cent and also the question of authorising a new share issue". The vote was reportedly unanimous.

Mr Boris Brevnov, the new vice president of UES, who

played a key role in the affair, welcomed Mosenergo's about-face, describing it as an important sign that the new government was serious about restructuring Russia's moribund natural monopolies.

"Everything went well today. We won," Mr Brevnov said. "I think this is a good sign that Russian companies, even big ones, have begun to listen to the voice of investors. This is also a sign that we [the new government team] are not just making promises but are able to act on them."

Investors were delighted by the news, immediately

pushing the Mosenergo share price up to \$1.29 from Wednesday's close of \$1.24.

"I think this is really positive because it shows the new guys are really in charge," said Ms Julie Quist, utilities analyst at MC Securities. "It is a complete surrender [by Mosenergo] and it is really good because it shows that the new government takes foreign investors seriously."

Analysts gave particular credit for Mosenergo's change of heart to the European Bank for Reconstruction and Development, which threatened to cancel a planned loan of around

\$100m if the company went ahead with its plans to restrict the power of outside shareholders.

Mosenergo's decision is expected to set an important precedent for the country's other regional electricity companies, where similar efforts to limit shareholder rights had been planned.

More broadly, the turnaround suggests that Mr Boris Nemtsov, the first deputy prime minister, and Mr Brevnov, his first lieutenant, may be developing the political muscle they will need to push through their wider proposals to restructure the energy sector.



Pointing the way: Bundesbank chief Hans Tietmeyer yesterday made clear whom he favours to head the planned European central bank

Poles put off buying new fighters

By Christopher Bobinski in Warsaw

Poland has decided to put off decisions on purchasing new fighter aircraft for at least five years, according to Mr Stanislaw Dobrzanski, the defence minister. He made the announcement when putting forward plans for cuts in the armed forces to help pay for new equipment. Nato is expected in July to invite Poland and other central European countries to join the alliance.

Under the minister's proposals, which have yet to be approved by the government, the armed forces would be reduced from their present

strength of 230,000 to 180,000 in 2004. Command structures would also be streamlined and garrisons closed to save money.

The draft plan follows the sacking last month of General Tadeusz Wilecki, the Polish chief of staff, who fiercely opposed personnel cuts and was openly dismissive of civilian control of the armed forces. His replacement by General Henryk Szumski was greeted with relief by Nato, regarding the move as helping Poland's drive to join the alliance.

However, the decision to postpone a decision on buying 100 fighters to replace the Russian MiG21s flown by the air force will disappoint for-

sign companies bidding for the contract. These include British Aerospace which is seeking to sell the Grippen made by Saab, with which it has a marketing agreement, to central Europe's Nato aspirants. Other bidders include Lockheed Martin and McDonnell Douglas of the US and Dassault of France.

Poland is focusing its procurement policies on enabling its armed forces to work alongside Nato troops and is introducing modern command and communications systems. This year's defence budget, at 7.2bn zlotys (\$2.4bn) is 7 per cent up in real terms on last year's spending plans. However, a mere

467m zlotys are to be spent on military equipment this year.

The government is expected to decide soon on an avionics system for its new Huzar combat helicopter, as well as a missile with which to arm the aircraft. Boeing is pushing hard for Poland to buy its flight systems and would like to see the Poles purchase its missiles as well.

However, Warsaw is torn between this offer, which carries with it US goodwill needed in Poland's efforts to join Nato, and an earlier commitment to buy missiles from Elbit of Israel. Rockwell from the US is also in the bidding.

French ambitions for top bank job resisted

By Andrew Fisher in Frankfurt

Mr Hans Tietmeyer, president of the Bundesbank, yesterday countered efforts by France to promote its candidate for president of the planned European central bank by making clear his preference for Mr Wim Duisenberg, head of the Dutch central bank.

Mr Duisenberg, generally regarded as first choice to run the ECB, will shortly succeed Mr Alexandre Lamfalussy as president of the European Monetary Institute, its forerunner. "If the Emi president has done a good job, then he is at least a candidate," Mr Tietmeyer said, referring to Mr Duisenberg. "There should be no doubt over this - unless he has said he is not a candidate and he has certainly not said that," he said.

Mr Tietmeyer said the question of the ECB presidency did not need to be discussed yet and the choice would be made next year. He was not aware of any political deals. The ECB will start work when European monetary union begins.

Some German newspapers

have reported that France wants Mr Michel Camdessus, managing director of the International Monetary Fund, as the ECB's first president. France would in turn support a German candidate for the IMF.

But in Washington an IMF spokesman said yesterday Mr Camdessus "intends to serve" his full five-year term, which began in January.

Mr Tietmeyer's comments reinforce German support for Mr Duisenberg, whose views on the need for monetary stability are close to those of the Bundesbank and the Bonn government. Some French politicians have reservations about a fully independent ECB and believe appointing a Frenchman could enable them to exert more political influence.

Asked how strictly the entry criteria for Emu should be applied, Mr Tietmeyer took a pragmatic line by saying this should be done "strictly but realistically". In assessing member countries' success in controlling their budgets, he said the stipulation that deficits should not exceed 3 per cent of gross domestic product

was important but not the only factor.

Also to be considered were the sustainability of countries' fiscal performance, judged on the basis of both past policy actions and the likely impact of current measures on future budget trends.

Discussing the German economy, Mr Tietmeyer said this was now in a phase of stronger non-inflationary growth. But he urged the government to press ahead with much-needed structural and economic reforms to stimulate capital investment.

He also said the German central bank did not want a further weakening of the D-Mark after its retreat from the high levels of 1995. "We want the D-Mark to remain a strong currency," he said, thus rejecting the arguments of some economists who say the bank is aiming at a soft D-Mark ahead of Emu to help growth by further stimulating exports.

The Bundesbank also announced a net profit last year of DM9.4bn (\$5.46bn), down from DM10.9bn, most of which has been transferred to the government.

Bonn to reform apprenticeship system

By Ralph Atkins

The German government is to reform the country's much prized but increasingly stretched apprenticeship system.

It plans measures to make the training more relevant and to extend it into new subjects and businesses.

The package, approved this week by the cabinet, comes amid fears that the German "dual system" of on-the-job and college-based training for those over 16 years old is failing to adapt

fast enough to changes in the workplace and the world economy.

Mr Jürgen Rüttgers, education minister, said the government remained committed to a "proven" system and that the technical colleges provided a continuing guarantee of standards. But he said training had to become more flexible and "business friendly", building on the recent extension of formal training schemes into new fields such as multimedia.

There are about 1.6m training places, but there is

no compulsion to provide places and the system often relies on businesses' sense of duty to local communities.

Yesterday, Mr Rüttgers launched a campaign to ensure sufficient training places were available this year, saying the country was still some way off creating the 13,000 extra places needed. Demand in eastern Germany was particularly pressing, he said.

"We want to anchor more firmly in the public consciousness the idea of apprenticeship training pro-

viding for the future competitiveness of Germany," Mr Rüttgers said.

The education minister said a priority was to increase the number of training places in businesses run by self-employed foreigners - such as restaurants - who had little experience of the system but whose numbers had grown rapidly since the 1980s.

Typically, vocational training lasts three years, but under yesterday's proposals there could be shorter courses, particularly for stu-

dents who find difficulties with theoretical parts of examinations. For those who failed, exams, the education ministry suggested, industry organisations arranging the training should provide a certificate showing which parts of a course had been successfully completed.

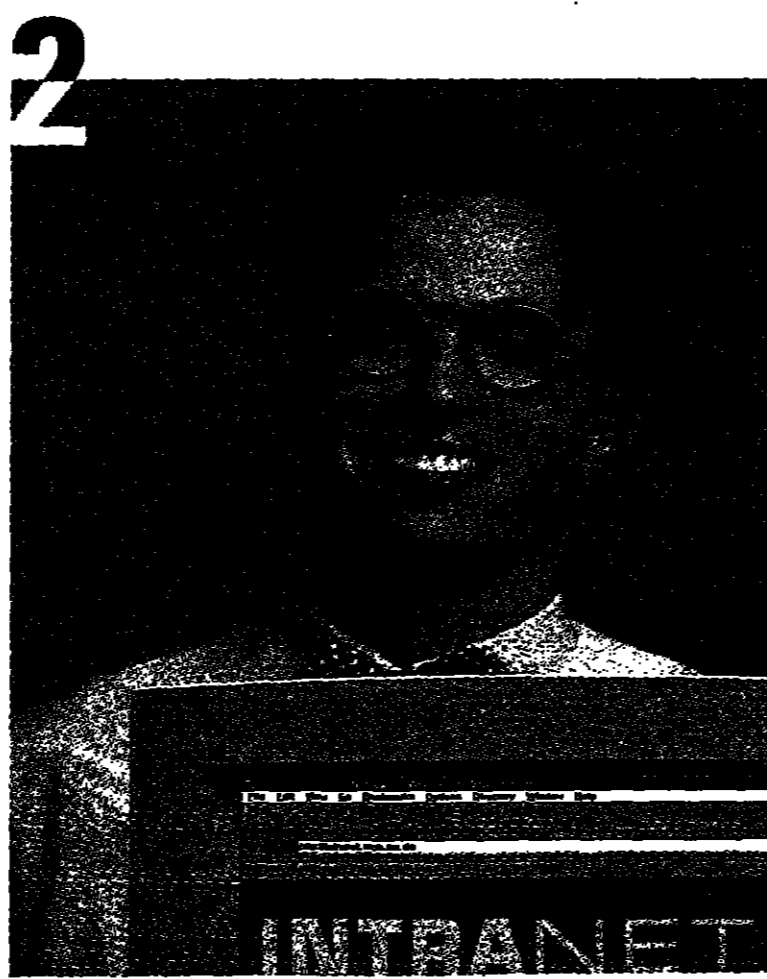
Mr Rüttgers said other students would want additional training - including language training. Courses could become attractive to businesses by cutting down the amount of time spent in commercial colleges.

SIEMENS NIXDORF



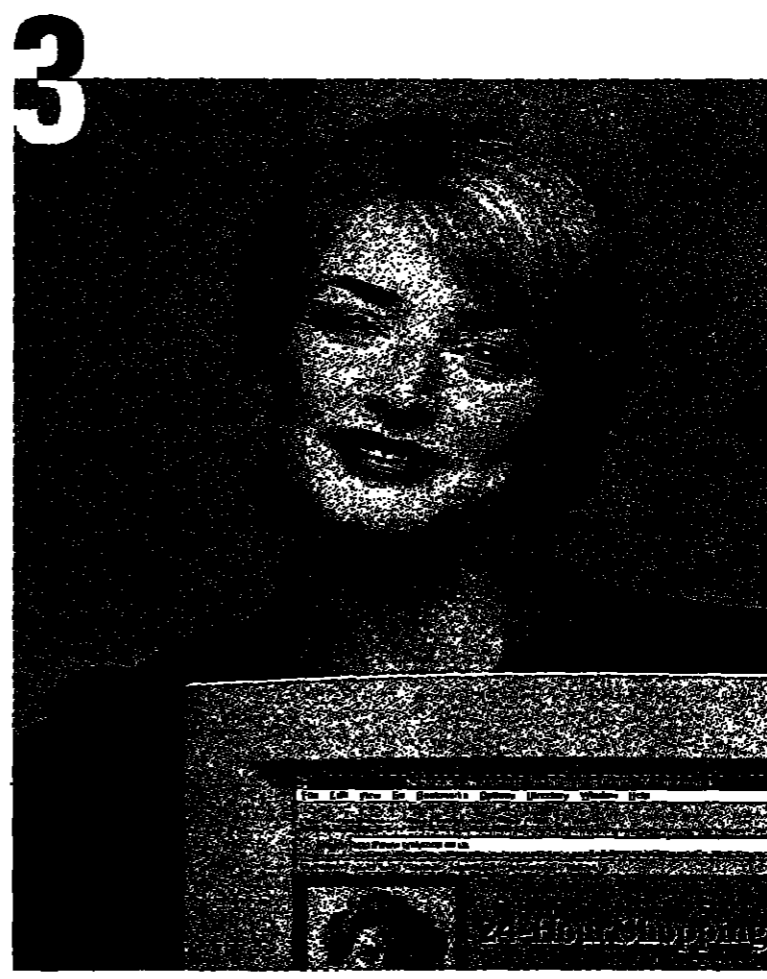
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NEWS: THE AMERICAS

Announcement suggests hopes of widespread reform are likely to be disappointed

Hardline Cuba sets date for congress

By Pascal Fletcher in Havana

Cuba's Communist party has announced that it will hold a congress this year, making it clear that there will be no weakening of Cuba's identity as one of the last one-party communist states in the world.

The word "reform", whether in the political or the economic sense, was conspicuous by its absence in Wednesday night's formal announcement. The declaration, presented by two of the party's sternest hardliners, said the policy-making assembly would be held from October 8 to 10.

It offered no clear indication that the Cuban leadership intended to speed up or widen the cautious,

limited economic reforms it has introduced over the last three years. On the political front, the party resolutely declared its intention to maintain Cuba's single party political system.

"Socialism will remain in this land," Cuba's defence minister, General Raúl Castro, brother of President Fidel Castro and number two in the party hierarchy, told a mass rally in the city of Santa Clara. President Castro was at the rally but did not speak.

The formal declaration, read by Mr José Ramón Machado Ventura, a politburo member, was even more explicit. "The fifth congress will reaffirm the ideological principles on which the Cuban revolutionary process is based, the ir-

replaceable role of the single party of the Cuban nation and the political system that we have creatively forged throughout our history since 1966".

October 8 will be the 30th anniversary of the death in the Bolivian jungle of Ernesto "Che" Guevara, the Argentine guerrilla fighter who is one of the icons of the 1959 Cuban revolution.

Besides defining national policies, Cuban party congresses, normally held every five years, also hold leadership elections. The last congress was held in October 1991, when the disintegration of the former Soviet bloc in Europe was already in progress. This triggered a deep economic recession from which the island is still struggling

to recover, now partly helped by foreign investment and tourism, but still squeezed by a tightened US economic embargo.

Cuba is facing increasing calls from abroad to move towards multi-party democracy and a market economy. But Mr Raúl Castro and Mr Machado both rejected as "repugnant" a recent US government report, part of the one-year-old US Helms-Burton law, which predicted Cuba could receive millions of dollars of international aid and investment if it embraced multi-party democracy.

The party document referred to the economic reform measures of the last few years as "necessary economic transformations". These have included the legalisation of

hard currency use, increased opening to foreign investment and tourism and limited private, self-employment.

Without promising such steps would be increased, the document urged the party to step up an ideological campaign to counter what it called "negative phenomena like selfishness, mercantilist psychology, the desire for material gain, consumerism and the loss of revolutionary ethical values".

But the party did stress the importance of trying to make the economy more efficient. It mentioned priority tasks such as boosting food production, achieving the best possible sugar harvest, cutting costs, saving energy, substituting imports and introducing taxes.

AMERICAN NEWS DIGEST

Brazil to act over landless

The Brazilian government offered yesterday to accelerate its land reform programme as thousands of activists from the Landless Movement (MST) descended on the capital, Brasília, to protest about the country's unequal land distribution.

Organisers estimated 50,000 people would turn out for a demonstration which they claimed would be the biggest protest yet against the two-year-old government of President Fernando Henrique Cardoso. The rally is the culmination of a two-month and 750km-long protest march by MST members from São Paulo to Brasília and coincided with the first anniversary of the murder of 19 rural workers by police in the northern state of Pará. Mr Cardoso will present the government's proposals to leaders of the MST today. They are expected to include a new credit system for loans to recently settled families. Mr Raúl Jungmann, land reform minister, announced the government had acquired 18,900 hectares of land which would be used to settle nearly 700 families. The government has set a target of resettling 200,000 families in its four-year term.

Geoff Dyer, São Paulo

Tobacco adverts banned

The Canadian Senate has passed a bill banning television, radio and billboard advertisements of tobacco products throughout Canada. The bill, approved last month by the House of Commons, also restricts cigarette advertising in sports, cultural and artistic events to only 10 per cent of available billboard space, and bans it altogether on racing cars and their drivers. Cigarette vending machines are also outlawed under the measure, which calls for stiff fines and prison sentences for offenders. Governor General Roméo LeBlanc is expected to sign the bill into law by next week. A tougher bill on cigarette advertising was ruled unconstitutional by the Supreme Court two years ago.

AFP, Ottawa

Flight probe burden grows

The lengthy investigation of the explosion of TWA Flight 800 is imposing a heavy financial burden on the National Transportation Safety Board. Mr Jim Hall, chairman of the board, expects to spend \$28.8m on the inquiry, the "most costly and complex in the safety board's history". The New York-to-Paris flight exploded off Long Island last July, killing all 230 people aboard. While investigators have concluded that the blast occurred in the centre fuel tank of the Boeing 747, they are still investigating whether this was caused by an accident, a bomb or a missile. The NTSB is asking for an extra \$30m in 1997 because of the costs of this crash.

AP, Washington

US security fears

Precautions are being taken in federal buildings in the US in the run-up to tomorrow's twin anniversaries of Waco and Oklahoma City. The Justice Department has ordered that Venetian blinds be drawn behind windows that face the street to lessen injury in case of flying glass. The FBI has sent a reminder to agencies about the April 19 date and its history.

In 1993 some 80 people died after the compound of the Branch Davidian religious cult near Waco, Texas, was burned to the ground during an assault by the FBI and in 1995 168 died in a bombing in Oklahoma. AP, Washington

Trade deficit narrows to \$11.6bn in US

By Nancy Dunne in Washington

The US trade deficit narrowed to \$11.6bn in February, propelled by record exports of \$73.5bn.

Mr William Daley, the commerce secretary, said imports - a record \$85.1bn - reflected the strong growth in the US economy and a sizeable one-month increase in oil shipments.

Exports were boosted by \$600m in aircraft sales, a notably volatile indicator.

Economists are divided over the significance of the deficit. Most agree that it is a political problem for the administration, as it seeks authority to negotiate new trade deals, but it has both good and bad economic consequences.

"Fed officials are not likely to overlook the deterioration in the trade accounts," said Mr Christopher Low of HSBC Economics Group, an international banking and financial services organisation.

Mr Bruce Steinberg of Merrill Lynch said net exports should subtract about 2 percentage points from first quarter gross domestic product.

However, he expects GDP growth to be a strong 4 per cent. Anything more would certainly impel the Federal Reserve to move again to raise interest rates to limit growth.

The politically sensitive goods deficit with Japan held steady at \$4.3bn.

The Coalition of Service Industries said the growing US services surplus with Japan, which is not contained in the monthly trade figures, would offset a large share of the merchandise deficit.

This is not true of China, which imports few services, but last month had a slightly smaller goods surplus \$3.4bn compared with \$3.7bn in January.

The US trade balance with western Europe moved into a surplus for the first time since December 1995.



Dole (left) helping Gingrich out of a financial fix

Dole lends Gingrich \$300,000 for fine

Mr Newt Gingrich, speaker of the House of Representatives, promised Congress yesterday that he would personally repay a \$300,000 loan from Mr Bob Dole, the losing 1996 Republican presidential candidate, made so he can settle a penalty imposed by the House over a breach of ethics investigation, Reuter reports.

In a speech to the House explaining the surprise development that Mr Dole

would finance his debt, Mr Gingrich said: "I will personally pay it back. The taxpayers will be fully reimbursed. This is my duty as speaker and I will do it personally."

The speech followed the announcement that Mr Dole would lend Mr Gingrich the entire amount to defray the penalty. His remarks were clearly designed to head off speculation that he might use political funds to pay

off the loan made by Mr Dole.

"As a person of limited means, I have arranged to borrow the money from Bob Dole... and I will personally pay it back," he said.

The penalty was to reimburse the House for taxpayer funds expended in investigating charges Mr Gingrich used tax-exempt money to promote political goals and misled congressional investigators.

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Time may shortly be up for go-it-alone Canadian dollar

Central bank could soon be forced to put up rates

The Bank of Canada, the country's central bank, is facing an unexpected dilemma in determining interest rate and exchange rate policy.

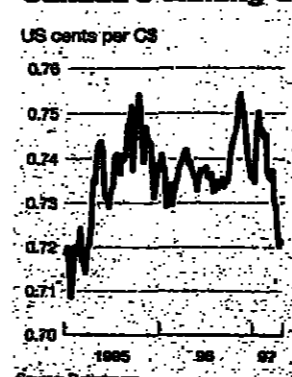
Its predicament stems from a dramatic deterioration in market sentiment towards the Canadian dollar since the US Federal Reserve nudged up short-term interest rates on March 25. Ottawa chose not to follow the Fed's lead, further widening the gap between Canadian and US short-term rates that opened up in February 1996.

Canadian banks' prime lending rate has remained at 4.75 per cent, the lowest in three decades, compared to 8.50 per cent in the US.

The Canadian dollar was buoyed in 1995 and 1996 by a sharp improvement in public-sector finances, a strong current account on the balance of payments, and low inflation. Canada's inflation rate, presently about 2 per cent, has been below US levels for more than six years.

The currency reached a peak of 75 US cents last November, and many economists expected a further advance during 1997. However, it sank to 71.35 US cents early yesterday, its

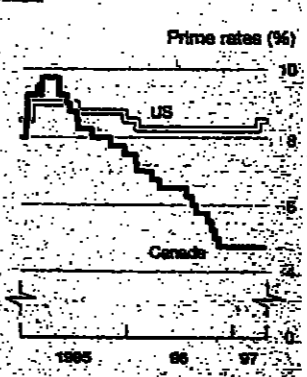
Canada's sinking dollar



lowest point in more than two years. It later recovered slightly.

One foreign-exchange trader in Toronto said the Bank of Canada had intervened "fairly actively" in recent weeks to slow the decline. "Eventually they'll have to raise interest rates, but it's a question of timing," she said.

The bank's room for manoeuvre is limited by its aggressively stimulative monetary policy over the past 18 months, and by expectations that Mr Jean Chrétien, the prime minister, will call a general election within the next two



weeks for early June. Policymakers remain concerned by high unemployment, presently 9.3 per cent.

But low interest rates have recently triggered a surge in domestic demand. Housing starts are almost 30 per cent higher than a year ago. Economists predict gross domestic product will expand by 3.5 per cent to 4 per cent this year with a similar gain in 1998, up from 1.5 per cent in 1996.

Nesbitt Burns, a Toronto-based securities firm, warned last week that there was "so much growth momentum in the pipeline that a continued accommo-

dative (monetary) policy runs the risk of rekindling inflation pressures by the second half of 1998."

Mr Ted Carmichael, chief economist at JP Morgan Canada, said a "messy situation" could develop if the dollar continued to weaken during the election campaign. He said the dollar could dip as low as 70.50 US cents in coming weeks, if the Bank of Canada decided to remain on the sidelines in the run-up to the election, and the Federal Reserve lifted US rates again in May.

Although the bank is nominally independent, the Liberal government may not look kindly on a tightening of monetary policy in the midst of the campaign. The Liberals are favoured to win a second term in office, but observers have recently suggested that their majority may be much smaller than appeared likely a few months ago.

Some economists predict the central bank may eventually be forced to lift interest rates by more than the US to protect the Canadian dollar and dampen economic growth.

Bernard Simon

OBITUARY: Emilio Azcárraga Milmo

TV magnate with political bite

By Leslie Crawford in Mexico City

Emilio Azcárraga Milmo, the Mexican television magnate who built the largest media empire in the Spanish-speaking world, has died of cancer. He was 66.

Mr Azcárraga, who was known as "El Tigre" (the tiger) for his business drive and overpowering personality, was also a pillar of Mexico's political establishment. During his 25 years at the helm of Televisa, the \$4bn company he inherited from his father, the network acted as the virtual mouthpiece of the ruling Institutional Revolutionary Party

(PRI). For most of this time, Televisa commanded more than 90 per cent of Mexico's viewing audience.

Mr Azcárraga, an adviser and patron to six Mexican presidents, often boasted he was the "first soldier of the PRI". Nothing illustrates his ties to the regime better than a "billionaires banquet" held in February 1983 and attended by then-president Carlos Salinas. The aim of the exclusive gathering was to raise funds for the PRI for the 1984 general elections. The 30 wealthiest men in Mexico were asked to contribute \$25m each to the ruling party's coffers. While some balked at the figure,

Mr Azcárraga rose to his feet to pledge double that amount.

"I, and all of you, have made so much money over the past six years that I think we have a big debt of gratitude to this government," Mr Azcárraga is reported to have said.

A few months before the election, Mr Azcárraga was awarded licences to operate 62 new television stations, which allowed Televisa to set up its fourth nationwide network.

Mr Azcárraga also bought a 20 per cent share in Univision and transformed it into the largest Spanish-language network in the US. He took a

50 per cent stake in PanAmSat, an independent satellite service provider in the US. He acquired Grupo América, the largest publisher of magazine titles in Latin America, and introduced cable television to Mexico.

Last December, he inaugurated Televisa's satellite-beamed service in partnership with Mr Rupert Murdoch's News Corporation and TeleComunicaciones Internacionales of the US.

Mr Azcárraga's deteriorating health led him to retire as president of Televisa only last month. He named his 38-year-old son, Mr Emilio Azcárraga Jean, as his successor.

Success in the Region



Cyprus is the Reason!

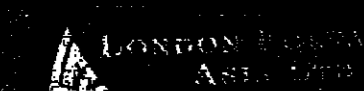
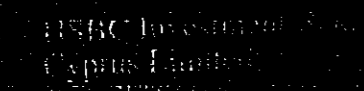
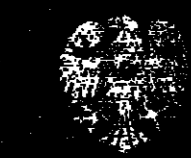
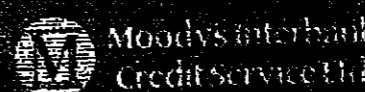
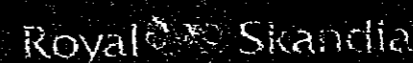
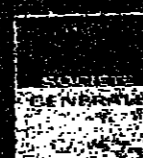
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NEWS: INTERNATIONAL

World Bank, IMF assailed over debt relief

By Michael Holman,
Africa Editor, in London

The joint World Bank-IMF debt relief plan for the world's poorest countries is in danger of collapse, putting the lives of over 3m children at risk, Oxfam International warned yesterday.

In a report published in advance of next week's spring meeting in Washington of the Bank and the Fund, Oxfam accuses the boards of the two institutions of lacking the political will to implement the initiative they agreed to last year.

Although the first two qualifying countries, Uganda and Bolivia, have well established track records of economic reform, they will have to wait at least a year before benefiting from the plan.

"Most other candidates for debt relief will be placed on the back-burner until 2000 and beyond," says the report by Oxfam International, the development agency which has national offices in 10 countries, including Britain, Canada, Ireland and the US. Oxfam calculates a one

year delay will cost Uganda debt relief worth \$193m, six times total government spending on health. The same delay will cost Bolivia \$241m, double its national health budget.

Were these and other highly indebted African countries able to put funds that could be made available under debt relief into health services, says Oxfam, "the lives of over 3m children under the age of five would be saved over a seven-year period".

"One of the primary concerns of the Fund has been to minimise the costs to itself of financing debt relief, placing narrow institutional self-interest over the needs of the world's poorest countries."

The main challenge, however, is directed at Mr James Wolfensohn, president of the World Bank. Although Oxfam gives him credit for his personal commitment to debt relief, it claims that Mr Wolfensohn "is now failing to drive the initiative forward".

"This perception would change if he took a principled stand on behalf of the poor in debtor countries, openly challenging the IMF and G7 countries bent on consigning (the debt relief plan)... to a slow death."

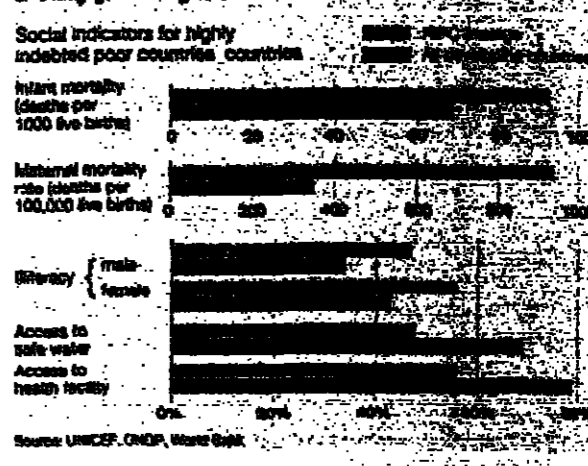
Oxfam sees the initiative as "a litmus test of Mr Wolfensohn's commitment to poverty reduction". "He may have to confront his board with the simple message - back me or sack me on poor country debt," said Mr Justin Forsyth, Washington-based representative of Oxfam International.

Oxfam argues that governments "willing to convert savings from debt repayments into social investment should be rewarded with an accelerated time frame for debt relief".

"Eligibility would be through a modified economic reform conditionality, along with a government commitment to transfer between 80 and 100 per cent of any savings from debt relief into a ring-fenced budget account for social investments."

"Poor Country Debt Relief: False dawn or new hope for poverty reduction? Oxfam, 312550; or http://www.oxfam.org.uk Tel: (44)01865-313800 Fax: world.oxfam.org.uk"

Debt, poverty and social indicators



OBITUARY: Chaim Herzog, former Israeli president

Respected soldier-statesman

By Avi Machlis in Jerusalem

Mr Chaim Herzog, the former Israeli president, died yesterday near Tel Aviv at the age of 78. As a military officer, statesman, businessman, and writer he gained widespread respect internationally.

Born in Ireland in 1918, Mr Herzog emigrated to British-mandated Palestine in 1938. He joined the Haganah, Israel's pre-state military organisation, and served from 1936 to 1938 during the Arab revolt in Palestine.

Like many young Zionists, he signed up to the British army and served during the second world war, taking part in the Normandy landings of 1944. He became head of intelligence in northern Germany and participated in liberating some of the concentration camps where his co-religionists perished at the hands of the Nazis.

The experience he



Herzog: born in Ireland

acquired in Europe paved the way for his military career in the fledgling Israeli Defence Forces. He fought as an officer during Israel's independence war of 1948, and later became head of military intelligence. In the early 1950s he was posted to Washington as Israel's defence attaché.

Upon retiring from the

army in 1962, Mr Herzog became involved in business. He was a board member and director of several Israeli companies, including Israel Aircraft Industries and the Israel Discount Bank.

He returned to the army after the Israeli-Arab six-day war of 1967 as Israel's first military governor of the occupied West Bank.

But it was as Israel's ambassador to the United Nations between 1975 and 1978 that Mr Herzog gained international recognition. Shortly after his appointment, the UN general assembly adopted resolutions equating Zionism with racism. The usually soft-spoken Mr Herzog defended his people in perhaps his most dramatic and memorable public appearance.

"For us, the Jewish people, this resolution, based on hatred, falsehood and arrogance, is devoid of any moral or legal value. For us, the

Jewish people, this is no more than a piece of paper, and we shall treat it as such," he declared while tearing up the resolution. In 1991 the UN rescinded the controversial resolution.

Mr Herzog was elected to the Israeli Knesset (parliament) as a member of the Labour party in 1981. He later became Israel's sixth president, serving two terms from 1983 to 1993.

He twice found himself at the centre of controversy. In 1986 he pardoned Israeli secret servicemen who allegedly killed two Arab terrorists captured after hijacking an Israeli bus. And in 1987 he commuted sentences of Jewish terrorists who had killed Arabs from the West Bank.

An avid writer, Mr Herzog contributed regularly to Israeli and international newspapers throughout his career and wrote several books on Israel's history.

Israelis tot up the Knesset arithmetic if Netanyahu is indicted

Nervous wait for law officers

By Judy Dempsey in Jerusalem

Mrs Edna Arbel, Israel's state attorney, faces one of the most critical choices of her career.

Along with Mr Elyakim Rubinstein, the newly appointed attorney general, she will have to decide in the coming days whether or not to indict Mr Benjamin Netanyahu, the Israeli prime minister, and three of his closest colleagues on charges of breach of trust. The future of the government rests with her decision.

Since Thursday, Mrs Arbel has been reading a 986-page report presented to her by the police following a three-month investigation into an alleged conspiracy to appoint Mr Roni Bar-On as attorney general. Since then, Mr Netanyahu, his ministers and all the parties in the coalition have been waiting.

No minister has been prepared unequivocally to support Mr Netanyahu. No coalition partner has said it would pull out or remain in the government. "Everyone is waiting. Everyone around Netanyahu is nervous," a senior government official said, adding it was rare to see the government lacking its characteristic sense of confidence.

If Mr Netanyahu is indicted, there will be a trial. But the opposition Labour party, led by Mr Shimon Peres, has demanded Mr Netanyahu resign since his government is morally tainted. This would lead to fresh elections.

But elections in Israel are no longer a simple matter of



A Netanyahu supporter (right foreground) argues with two leftwing protesters yesterday

the governing party going to the country. The prime minister is now directly elected. And since Mr Netanyahu, would be loath to resign, whether he is indicted or not, the opposition will do its utmost to call a special vote of no-confidence in the prime minister only.

Dislodging Mr Netanyahu from power would be no easy matter. Under a special law, a vote of no-confidence in the prime minister - which would not dissolve the Knesset - could be held if he was found guilty of a crime of moral turpitude. This requires a simple majority - 61 deputies. Mr Netanyahu commands 66 out of 120 seats.

Much depends on Shas, the ultra-Orthodox party at the centre of the police investigations, which has 10 seats. Mr Aryeh Deri, leader

of Shas, allegedly pushed for the appointment of Mr Bar-On in return for a plea bargain in a corruption case for which Mr Deri is being investigated.

It is no longer certain Shas would bolt the government, even though it said it would do so if Mr Deri, were indicted. "Shas is dependent on its political survival on Netanyahu and vice versa," a senior official said.

Mr Natan Sharansky, head of Yisrael Ba-aliya, the Russian immigrant party, will decide on Sunday what to do with his seven deputies. At the start of the investigations, he said he would resign from the coalition if there was the slightest taint of corruption. Meanwhile, several Likud deputies who deeply resent Mr Netanyahu's style of leadership, would relish voting against him.

If Mr Netanyahu is not indicted, the opposition may try another tactic by holding an even more arithmetically difficult no-confidence vote in him. This requires a majority of 80 deputies which the opposition would find almost impossible to muster.

"I am convinced Netanyahu, if not indicted, will soldier on. Of course, the government has been damaged. Its credibility has been weakened," a close aide to the prime minister said.

The key thing to remember is that Mrs Arbel is highly respected by the public. Her decision will carry enormous weight. If she does not indict him, Mr Netanyahu will feel vindicated and start to rebuild his image. Editorial comment, Page 15

PUBLIC NOTICES



PROPOSED MODIFICATIONS TO THE CONDITIONS
OF THE LICENCES OF THOSE WHO PROVIDE
TELECOMMUNICATIONS SERVICES BY REFERENCE
TO NUMBERS OVER FIXED NETWORKS

1 The Director General of Telecommunications (the "Director") in accordance with section 12(2) of the Telecommunications Act 1984 (the "Act") hereby gives notice that he proposes to make modifications to:

(a) the following categories of licences granted under section 7 of the Act which authorise the running of telecommunication systems by means of fixed networks:

(i) each licence where the relevant system has been designated as a public telecommunication system;

(ii) each licence granted to an individual and authorising the provision of International Simple Voice Resale as defined in each such licence;

(iii) each licence issued in the Schedule; and

(iv) the licences granted to British Telecommunications on 22 June 1984 under section 7 of the Act (the "BT Licence").

A full list of those licences described in sub-paragraphs (i) and (ii) above will be provided upon written application to the person specified below in paragraph 9.

2 The effect of the proposed modifications is set out below.

3 In the case of all those licences other than the BT Licence, any existing provisions on number portability will be deleted and new provisions which will be identical for all licences in this class, will be substituted. Minor modifications to existing provisions relating to numbering will be required in consequence. In the case of licences where no provisions on number portability exist, the new provisions will be inserted in the relevant licences. Accordingly, all licences within this class will contain identical provisions.

4 Number portability, which is described in the proposed modifications as "Portability", is a facility provided by one telecommunications operator to another whereby a customer who has been allocated a telephone number by an operator providing telephony services can switch that number to another operator, and keep the original number. The facilities may apply to numbers which relate to a customer's home or workplace and in this case is known as geographic Portability. It may also apply to numbers relating to services such as freephone (eg 0800), local charge (eg 0345), national rate (eg 0990), premium rate service (eg 0900) or personal numbering (eg 0700), and this is known as non-geographic Portability.

5 The effect of the proposed modifications to the licences described in paragraph 1(a) will be to:

(i) oblige the Licensee to provide Portability on reasonable terms, to any Qualifying Operator in accordance with a Functional Specification. The Functional Specification is a document specifying technical and other principles enabling efficient implementation and utilisation of Portability and is published by the Director following consultation. A Qualifying Operator is a person who has requested a specific type of Portability from the Licensee, who can provide the same kind of Portability and, in the case of geographic Portability, who can provide Portability to the Licensee within the same area as that to which the request relates;

(ii) provide that charges for the provision of Portability must be made in accordance with certain principles. The charges must be based on costs. Incremental costs if the BT Licence allows that cost basis for BT, otherwise fully allocated costs, unless the parties have agreed some other basis or the Director has determined, on the application of either party, that another cost basis is appropriate; costs are divided into categories defined in the provisions. System Set-Up costs are to be borne by the Licensee, specific charges based on the reasonable costs of providing Portability with respect to each Number are to be borne by the Qualifying Operator, but no specific charge may be made for Additional Convenience Costs, which consist in those costs of conveyance incurred in setting up calls to ported numbers over and above the costs of conveyance of a non-ported call;

(iii) provide that where a Qualifying Operator has sought the provision of Portability from a Licensee, either party may refer the question of the reasonableness of certain matters to the Director for his determination. The provisions specify the matters, which comprise the request for and extent of Portability, the cost, including the cost basis for calculating the costs, the cost categorisation and the proposed charges. If a Licensee proposes to use a higher cost method of implementing Portability where a lower cost method could or ought to have been used, the reasonableness of this may also be referred to the Director for his determination. The Director will consult before making any determinations;

(iv) provide that Licensees only be obliged to provide a record of Portability transactions, specifying those numbers in relation to which they provide Portability and the operator to whom the facility is provided.

6 In the case of the BT Licence, the effect of the modifications to the existing provisions in Condition 34C of that licence will be to:

(a) alter the definition of Portability so that it is identical to the definition in the modifications proposed above, thereby retaining geographic Portability within its ambit, but providing for the inclusion of all types of non-geographic Portability;

(b) bring provisions concerning the obligation to provide Portability more closely into line with the provisions in the modifications proposed above, by deleting the requirement for the Director to direct the Licensee to provide Portability, this having been done already, and following the same wording of the proposed modification to other licences with respect to its provisions on the Qualifying Operator, the extent of Portability, and the matters referable to the Director for determination as to their reasonableness, other than those connected with costs, cost-bases and charges;

(c) delete references to the date for making the first determination of costs and charges, it having passed, while retaining provision for an annual determination to be made in relation to each financial year ending on 31 March;

(d) retain provisions concerning the apportionment of costs relating to Additional Convenience Costs while so-called "broombanking" of ported calls may occur until the cut-off date of 31 October 1997, but include new rules on such costs in relation to non-geographic Portability; thereafter the general rule on Additional Convenience Costs, to the effect that no specific charge for such costs may be made, applies;

(e) make specific provision in relation to the costs and charges of non-geographic Portability, taking account of the state of development of BT's IN platform for delivery of such calls. A form of "broombanking" of calls to non-geographic ported numbers will be necessary for two types of services, namely those charged at the equivalent of national rate calls and those known as "premium rate services", where the charge for the call is generally higher than a national rate call on account of the content element of the call. Until 30 June 1998 in the case of national rate calls, and until 31 December 1998 in the case of premium rate calls, Additional Convenience Costs incurred in porting non-geographic calls will be shared according to the general rule on broombanking specified by the Commission for geographic Portability. According to this rule, BT is entitled to recover, as a Standard Portability Charge, an amount representing half the difference between the Additional Convenience Costs it actually incurs in providing Portability by means of the "broombanking" technique, and the cost that it would have incurred if it had provided Portability by the more efficient "Call Drop-Back" method;

(f) retain the requirement for the Director to consult before making any determination;

(g) in common with the proposed modifications to other licences, make provision that BT may be obliged to provide the Director with a record of its transactions relating to Portability.

7 The reasons for the proposed modifications are as follows:

(i) the Commission, following its investigation into number Portability arising from the reference made under section 13 of the Act with respect to matters specified in relation to the BT Licence, made certain recommendations. It concluded that the absence of number Portability operated against the public interest, that it inhibited competition in the telecommunications market and that this inhibition of competition was detrimental to the interests of consumers in that prices charged for telecommunications services were likely to be higher, quality and variety of service lower and choices diminished compared to what would otherwise be the case. It recommended appropriate modifications to the BT Licence which was modified on 29 July 1996. The Commission also indicated that the Director should consider applying the same regime to other operators;

(ii) having considered this matter, the Director has concluded that it is right to ensure that a similar regime to that secured in the case of the BT Licence is put in place which applies to the licences described in this notice. The proposed modifications apply the principles recommended by the Commission and will ensure that any Licensee whose licence contains the relevant provisions will be placed under an obligation to provide Portability in appropriate circumstances;

(iii) the Director also considers it desirable that there should be a uniform set of rules and principles to which the provision of number Portability should adhere. Nevertheless, as BT has made a significant proportion of the market in telephony services, the Director considers that it is still appropriate for special rules concerning the charges made by BT for providing number Portability to other operators to exist. It is for this reason that the rules on charges for the provision of number Portability, while adhering to common principles in all cases, differ as respects BT and those licenses other than BT;

(iv) the provision of number Portability by BT having already begun as a result of the modification made on 29 July 1996, and the Director desiring to ensure that clear provision in relation to non-geographic Portability is made, particularly in order to take into account the special features of the BT network, he has concluded that it would be appropriate to modify not only licenses other than the BT Licence, but also the BT Licence;

8 The Director is required by section 12(2) of the Act to consider any representations or objections which are duly made and not withdrawn. Following consultation, the Director proposes to make the modifications forthwith following the licensees' agreement to them. Representations or objections to the proposed modifications may be made no later than 16 May 1997 to Adam Jackson, OFTEL, 50 Ludgate Hill, London EC4A 3DF (Tel: 0171 634 8875). Any confidential material should be clearly marked as such and separated out into a confidential annex. All representations or objections received by OFTEL, with the exception of material marked confidential, will be made available for inspection in OFTEL's library. Short comments can also be emailed to OFTEL on press.office@ofel.gov.uk.

9 In a second stage of consultation, interested parties are invited to send comments to OFTEL no later than 12 May 1997 on comments received in the first stage. Copies of the proposed modifications may be obtained from Duncan O'Neill at the above address (Tel: 0171 634 8875).

SCHEDULE

Global Numbers Ltd; Redstone Network Services; Talland International; Personal Number Company plc; Telecommunications Premium Services Ltd; PliTel Ltd (Original Licensee: Goodall Personal Numbering Ltd); ISS-Multimedia Viewed Worldwide Ltd; National Telecommunications Ltd; E-Sat Telecommunications Ltd; PanAfrica Ltd; Kingston Communications Ltd; (Full) plc; Incom (UK) Ltd; Muxat Ltd; Teleport London International Ltd; Satellite Information Services Ltd; NSCO Ltd; VSCO Ltd; Data Marine Systems Ltd; ITG (UK) Ltd; SNG Broadcast Services Ltd.

S Africa eases work conditions

By Mark Ashurst in Johannesburg

The South African government yesterday announced a raft of proposals to improve basic working conditions and encourage greater labour flexibility, but fell short of meeting the demands of its allies in the trade union movement.

The Congress of South African Trade Unions (Cosatu) will meet today to consider the proposals, and decide whether to go ahead with a general strike in support of its demands on May 12.

Mr Tito Mboweni, labour minister, described the draft Basic Conditions of Employment Bill as "a revolution in labour law" that would

transform the workplace "from an exploitative atmosphere to one that promotes social justice".

The draft bill recommends a maximum working week of 45 hours, compared with the current statutory maximum of 48 hours for miners and farm workers, 60 hours in the security sector and 46 hours in manufacturing industry. It also recommends

that Sunday work be paid double time, or at time and a half if it falls within workers' ordinary hours.

Both proposals will be particularly sensitive in the gold industry, where deep level mines have begun to introduce seven day, round-the-clock operations in an attempt to contain rising costs. They may also encounter opposition from

Cosatu, which has called for a maximum working week of 40 hours.

Mr Johannes Landman, labour analyst at BoEi Nat-West Securities, forecast that gold mines could be among the first employers to seek an exemption from the minister. "These" could include "the new black-owned gold mines, where the mineworkers' investment consortium is a significant shareholder," he said.

There was no formal statement in reaction to the bill from the "big business houses".

The draft bill also proposed raising the rate of hourly overtime payments from the current level of time and a third, to time and a half.

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NEWS: ASIA-PACIFIC

Japan's surplus with US keeps rising

By Gillian Tett in Tokyo

Japan's politically sensitive trade surplus with the US rose for the sixth consecutive month to ¥378.8bn (\$3bn) in March, fuelling concern that the yen's weakness could reignite trade friction between the two countries.

The increase, which left the surplus 11.2 per cent higher than in the same month a year earlier, came amid fresh signs of US unease about trade trends.

Before the data's release, Ms Charlene Barshefsky, US trade representative, had warned that US President Bill Clinton would voice concern about trade during the

visit next week of Mr Ryutaro Hashimoto, Japanese prime minister. We do not wish to see an increase in Japan's trade surplus," she said.

Mr Larry Summers, US deputy treasury secretary, warned later that trade friction might re-emerge unless Japan made new attempts to stimulate its domestic economy. US unease about domestic demand has been fuelled by Tokyo's decision to raise consumption taxes this month.

The concerns about longer term trends were exacerbated by the release of data for fiscal 1996. These showed that although Japan's overall trade surplus fell

29.6 per cent during the year, the surplus with the US fell only 2.2 per cent - far less than expected. Japan's surplus with Asia, by contrast, dropped by 15.7 per cent - the first fall for seven years and a reflection of the recent shift of Japanese manufacturing to Asia.

Most economists believe Japan's overall trade surplus is now on a rising trend.

However, yesterday's figures for March suggest monthly surpluses remain volatile; after showing a strong year-on-year increase in February, the surplus fell back in March to ¥818.3bn - a level 26.3 per cent lower than the year before.

This largely reflected a sharp increase in imports, which were 21.4 per cent higher than a year before, with a particularly sharp rise in purchases of office equipment.

However, economists blamed the rise on an unusual surge of aircraft imports in March, as well as a rush of purchases ahead of April's tax rise.

Overall exports in March were 10.5 per cent higher than a year before, largely due to higher sales of electrical equipment and cars. Sales to the US climbed 14.3 per cent.

Ms Mineko Sasaki-Smith, of Credit Suisse First Boston, said:

"The good news on Japan's March trade surplus was completely overshadowed by the bad news on the Japan-US data. The US-Japan side is pretty ugly."

Meanwhile, separate Japanese money supply figures also gave a hint of weakness in the domestic economy. The narrow measure of money supply, M2 and deposits, was only 2.7 per cent higher in March than the year before, lower than the levels seen during most of last year.

Concern about US-Japanese trade tension pushed the dollar slightly down to close at ¥125.4 in Tokyo, from the previous close of ¥126.1.

Okinawa land bill approved

By William Dawkins in Tokyo

The Japanese parliament yesterday approved a controversial bill to allow it compulsorily to allocate land to the US military on the southern island of Okinawa, reluctant host to the biggest US bases in south-east Asia.

Agreement by the upper house of parliament, the final legislative stage, untangles a potentially damaging hitch in US-Japan security relations just a week before Mr Ryutaro Hashimoto, Japanese premier, is to meet Mr Bill Clinton, US president, in Washington.

They are due to assess progress on a landmark agreement reached last April to boost bilateral security co-operation.

Okinawan objections to US bases have delayed progress on the security pact, under which Japan undertook to step up help for UN peace-keeping, expand exchanges of military technology and provide US forces with defence supplies.

US officials believe Tokyo remains committed to a greater role in upholding



Okinawans and supporters protest in Tokyo yesterday

regional security, despite the distraction provided by Okinawa. The Hashimoto-Clinton summit is seen by both sides as a chance to give security co-operation a fresh push from the top.

Evidence of Tokyo's eagerness for progress is a call by a ruling Liberal Democratic party panel earlier this week to ease post-second world

war curbs on defence equipment exports, to enable closer defence links with the US.

This runs close to the limit of Japan's constitutional ban on the right to take part in collective self defence, an issue which the LDP panel said must be tackled in debate on constitutional reform. It confirms a break with the pacifism of

the Japanese establishment for the past half century.

Yesterday's bill on Okinawa was necessitated by the expiry next month of 3,000 leases on 12 US military installations. Landowners refused to renew, in protest against what they see as an unfairly large US military presence: two-thirds of the 47,000 US troops in Japan are on the island, which accounts for less than 1 per cent of Japanese territory.

Resentment exploded after a Japanese schoolgirl was raped by three US servicemen in 1995. The incident provoked the biggest street demonstrations against the US military in more than 30 years. In response, the joint governments in Tokyo and Washington agreed on the eventual return of part of the bases.

However, the need to override Okinawan objections, at least in the short term, has won consensus among all but the political left wing.

In a gesture to Okinawan sensitivities, the LDP agreed to make further efforts to move some US bases from the island to the mainland.

Officials admit N-plant leaks not reported

By Gwen Robinson in Tokyo

Fresh allegations of mismanagement of nuclear accidents in the last three years by Japan's state-run nuclear power company surfaced yesterday, when officials admitted the company had failed to report 11 radiation leaks.

The revelations came as Mr Riichiro Chikao, minister responsible for nuclear facilities, said the government was considering dismantling the Power Reactor and Nuclear Fuel Development Corporation, known as Donesu, which runs six nuclear power facilities.

Donesu is under investigation and facing legal action from the government's Science and Technology Agency for falsifying information and mishandling emergency procedures in an accident last month at a nuclear reprocessing plant near Tokyo.

The 11 unreported radiation leaks occurred at a nuclear plant where an accident this week exposed workers to low levels of radiation. The facility, an advanced thermal reactor known as Fugen, was shut down on Wednesday following a delayed report on

Tuesday about a leak of radioactive tritium.

Donesu officials said the 11 leaks which occurred prior to this week's accident were not reported as the level of radiation was below that which legally required reporting. Critics, however, said all leaks and irregularities at nuclear plants had to be reported. Local government officials in the region where the leaks occurred said they had an agreement with Donesu that all irregularities would be reported.

Four of the six nuclear facilities operated by Donesu have been shut down following accidents.

The first, a leak of sodium coolant at an experimental fast-breeder reactor known as Monju in 1995, brought to light the first disclosures of cover-ups and mismanagement by Donesu. The organisation admitted hiding videotapes of the incident and withholding information.

A plutonium fuel production plant was shut down last month after a false alarm, while the third closure followed an accident in late March at the Tokai-mura fuel reprocessing plant, which exposed 37 workers to low levels of radiation.

ADB predicts regional recovery in exports

By Peter Montagnon, Asia Editor, in London

The Asia-Pacific region should soon enjoy some recovery from last year's export slowdown, allowing growth to stabilise at relatively high levels with subdued inflation over the next couple of years, the Asian Development Bank said yesterday.

Its annual development outlook, one of the most widely watched commentaries on Asian economic prospects, said Asia continued to be the fastest growing region of the world last year, despite the export weakness.

Average real growth in the region's developing countries slipped to 7.4 per cent from 8.2 per cent in 1996, but inflation also slowed to 6.1 per cent from 9.1 per cent and is forecast to slow further to 5.9 per cent this year.

"Despite major shocks, both internal and external, the Asian economies as a group and individually continued to perform in a very robust manner," Mr Vishvanath Desai, ADB chief economist, said yesterday in Seoul.

The report rebuts suggestions that the export weakness was due to structural changes in Asian economies, which could undermine the Asian miracle. Across the region as a whole export growth slipped to 4.3 per cent last year, its lowest level this decade, from 21.9 per cent in 1995.

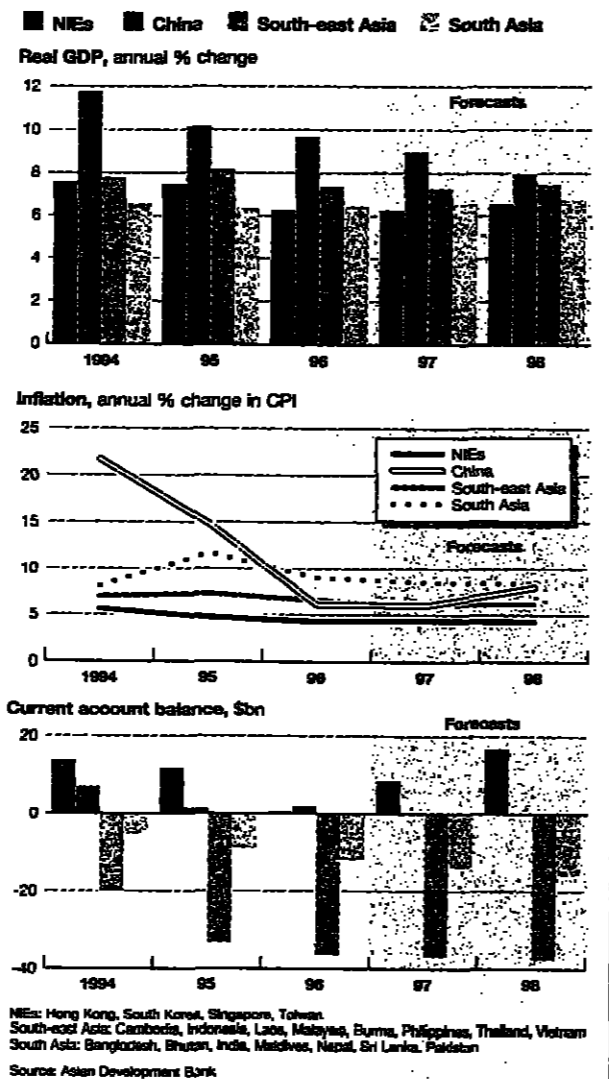
But foreign investment approvals in both south-east Asia and China remained strong even compared with the high levels of 1996. Export growth rates would rebound during 1997, although not to the high rates of the first half of the decade, the report said.

A critical issue for many Asian countries was whether they could develop an indigenous capacity for innovation as their economies matured, it added.

It also pointed to the sharp contrasts in development between the poorest Asian countries like Burma and Bangladesh and the richer economies of south-east Asia, where living standards were close to OECD levels. The majority of the world's poor lived in Asia despite the region's impressive growth rates, it said.

Regional disparities within Asia continued to widen last year, with south Asia growing at a rate of 6.5 per cent while south-east Asia grew

Asia's economic prospects



at 7.4 per cent. South Asia's inflation rate of 9 per cent was also higher than that of south-east Asia at 6.6 per cent.

Among larger countries, the ADB said China was poised to enter a period of relative stability with high growth rates and few inflationary pressures.

Having achieved a soft landing last year after a three-year austerity programme, growth was likely to run at 9 per cent this year compared with 9.7 per cent in 1996, and inflation would be stable at about 6 per cent. But it warned that China still faced formidable challenges, citing the need to restructure loss-making state enterprises, the rising cost of food self-sufficiency, unemployment, income inefficiency, environmental degradation and infrastructure bottlenecks.

India, where growth is expected to edge up to 7 per cent this year from 6.8 per cent in 1996, was showing benefits from economic

reforms, with growth in manufacturing output accelerating by about 2 percentage points over the past five years.

Agriculture lagged behind, though, and the report singled out the need to reform state finances.

"There is a risk that the central government's efforts to reduce the fiscal deficit could be undermined by the expansionist policies of the states."

That growth is expected to slow further to 6.1 per cent from 6.7 per cent. The slowdown would be, in part, temporary, but there was also a more fundamental malaise caused by diminished competitiveness.

In South Korea, which has also faced mounting economic troubles, the slowdown would continue for the first half of this year before recovery begins.

Overall growth in South Korea would fall to 6.3 per cent this year from 7 per cent, but rebound to 6.9 per cent in 1998.

Indonesia banking links 'to speed up'

By Manuela Saragosa in Jakarta

Indonesia's overcrowded banking sector is set to consolidate at a faster pace over the next year as new regulations take effect, according to the country's central bank governor.

"This was in spite of a disappointing record of mergers and acquisitions to date, said Mr Soedradjad Djiwandono. "Consolidation has taken longer than I expected, but more and more banks are realising that it's the avenue they have to take," the Bank Indonesia governor said yesterday, adding he was encouraged by discussion among banks about takeovers in the past year.

Indonesia had 240 banks, seven of which were state-owned, at the end of 1996. Under Mr Soedradjad there have been intensified efforts to provide incentives for banks to merge, so as to make the supervisory tasks of the central bank easier and improve the health of a sector which has been saddled with high levels of bad debts.

The moves have had several setbacks, but Mr Soedradjad said Bank Indonesia and the country's Capital Market Supervisory Board, Bapepam, were clarifying regulations covering the mergers of listed institutions.

He expected new rulings to be issued "in the near future".

Analysts say the absence of rules prevented mergers last year between Bank Panin and Bank Lippo and between Bank Tiara and Bank Mashill.

A deadline of September this year for banks to meet a new capital adequacy ratio of 9 per cent and a minimum capital requirement of Rp50bn (\$20m) are likely to prompt mergers in the sector. At present about 70 banks have a minimum paid-up capital of Rp25bn-Rp30bn.

"All these banks will have to bring in additional capital," said one Indonesian banker.

Mr Soedradjad said Bank Indonesia was also looking to divest itself "as soon as possible" of stakes it held in troubled banks, including Bank Pacific and Bank Uppindo, indicating the central bank might be prepared to offer subsidies to groups bidding to take over these institutions.

ASIA-PACIFIC NEWS DIGEST

Death delays India decision

India's United Front yesterday postponed an expected decision on replacing Mr H.D. Deve Gowda as its leader after news of the death of a veteran head of the Janata Dal party, part of the 13-party coalition.

Members of the UF steering committee met yesterday as scheduled, but quickly adjourned out of respect for Biju Patnaik, the former chief minister of Orissa state who died of heart and respiratory problems.

The Congress party, which prompted India's political crisis last month by withdrawing its support for the Gowda-led coalition, has said it will renew political support for a UF government under fresh leadership.

The postponement offered the UF time to address internal differences over the leadership issue. Leaders of all 13 members of the coalition are due to meet again this morning. They are believed to be undecided about a candidate.

Mark Nicholson, New Delhi

Bank fall-out over PNG

Jardine Fleming, the Hong Kong-based investment bank, has suspended a corporate finance executive, Mr Rupert McCowan, amid an inquiry by Papua New Guinea into the hiring of mercenaries to help resolve a stand-off on Bougainville island.

The company said the decision had been taken in the light of allegations that a Jardine Fleming employee had been involved in the affair. "While the accuracy and reliability of the evidence being given and the allegations being made remain unclear at this stage, Jardine Fleming feels it must take this evidence seriously and examine it in detail," the bank said.

John Ridding, Hong Kong

Malaysia widens share offer

Malaysian financial institutions are to be allowed to subscribe for shares originally offered to foreign investors in the forthcoming flotation of Bakun Hydroelectric, the company that is to operate the controversial Bakun dam on the Malaysian island of Borneo.

The decision followed poor demand from foreign investors for the 10 per cent of Bakun's share capital which had been earmarked for them, financial analysts said. The Malaysian institutions had been brought in to take up the slack and ensure the flotation, which is crucial in financing the \$1.35bn (US\$5.4bn) dam, would not flop, they said.

Mr Ting Pek Khing, executive chairman of Ekran, the company overseeing Bakun's listing, said yesterday that the shares would be awarded to Malaysian institutions on a first-come-first-served basis.

James Kyne, Singapore

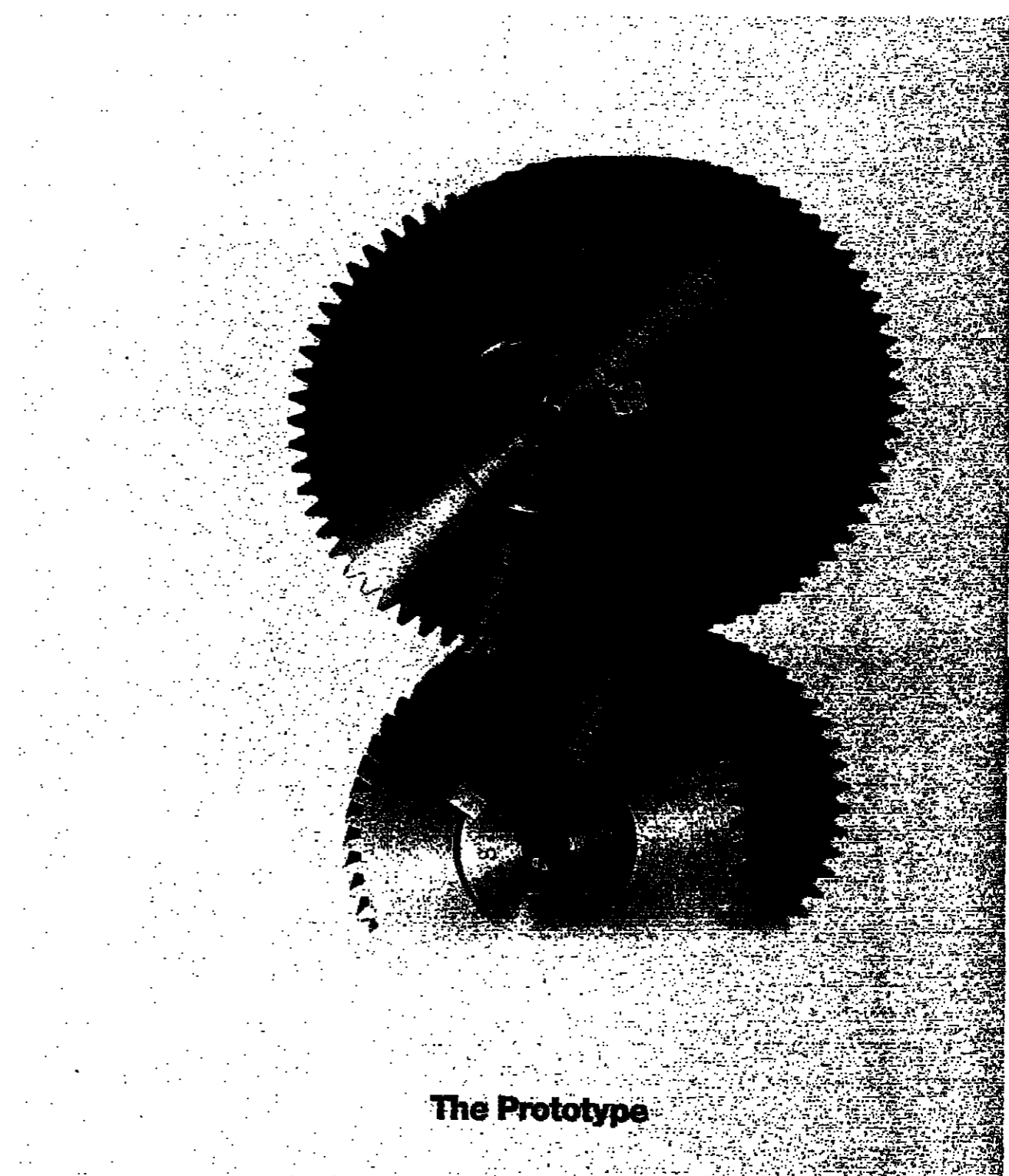
Philippine trade gap grows

The Philippine trade deficit widened by 24 per cent year-on-year to \$1.96bn in the first two months of the year, according to government figures released yesterday.

The deficit is one of the few dark clouds on the economic horizon, although government planners continually stress it is not consumer-led. Consumer goods represent about 10 per cent of total imports. The programme for replacing Philippine Airlines fleet is expected to add \$4bn to the import bill this year.

Analysts expect the central bank to respond to the growing deficit with a more relaxed exchange rate policy this year.

Justin Marazzi, Manila



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Sole supplier agreements are becoming a fashion with some airlines

Boeing deals ominous for Airbus

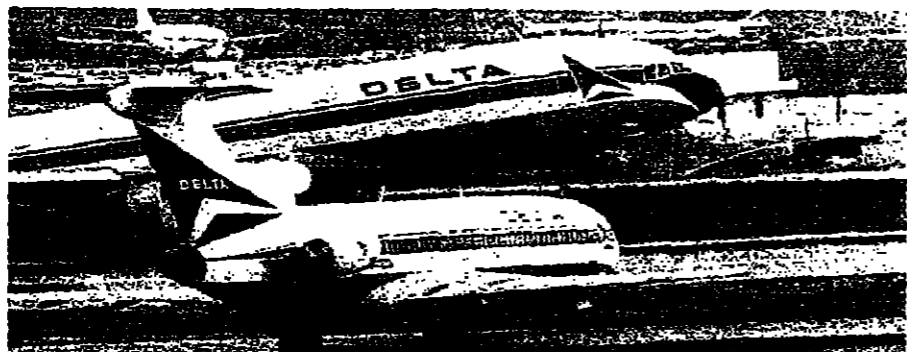
By Michael Shapiro, Aerospace Correspondent

"Exclusive agreements are out of the question," Mr Karel Van Miert, the European Union competition commissioner, said this week in response to the decision by two US airlines to buy all their aircraft from Boeing for the next 20 years.

But to airlines, designating Boeing as sole supplier is becoming a fashion - and industry analysts are not sure the Commission, or Airbus Industrie, Boeing's European competitor, can do anything about it.

American Airlines and Delta Air Lines have both designated Boeing as sole supplier, and Continental, a third US airline, is considering doing so.

"From a competition point of view, there's nothing inherently wrong with having a sole source of supply," says Mr Chris Avery, an analyst at Paribas Capital Markets. "The car industry does it."



Boeing aircraft in Delta colours: 'there's nothing wrong with having a sole source of supply'

For Airbus, however, the agreements with Boeing are ominous. American and Delta are the two biggest airlines in the world. Continental is seventh. If Boeing concludes an exclusive agreement with Continental, Airbus's aim of increasing its worldwide market share from a third to half will be far harder, Mr Avery says.

The airlines say exclusive agreements have two advantages. The first is that having a uniform aircraft fleet lowers the cost of maintenance, spares and training.

The second is that Boeing is prepared to offer discounts in return for being sole supplier.

Mr Robert Alizart, Airbus's head of corporate communications, disputes the idea that owners of all-Boeing fleets save money on areas such as training. Many Boeing models have little in common, he says. And while American and Delta might be getting cheaper aircraft, Mr Alizart says the savings could prove illusory.

What will the airlines do if Boeing fails to keep pace with Airbus technology? With important customers sewn up, what is to stop Boeing becoming complacent? But what would Airbus do if an airline offered to appoint it sole supplier? Would it refuse? "We would be consistent with our position," says Mr Alizart. "We do not think exclusive agreements are in the interest of the airline or the consumer and we don't think they would be in our interest with our aim of not being complacent."

Sceptics will argue that airlines would not ask Airbus to become sole supplier because the European consortium's range of aircraft is too small to satisfy all their requirements. Airbus does not have an aircraft to compete with Boeing's 400-seat 747-400.

Analysis believes one effect of Boeing's exclusive agreements will be to strengthen the hand of those within Airbus arguing for the consortium to extend its range of aircraft, particularly by building a 550-seat aircraft.

Boeing has scrapped plans to build its own 550-seater. American says it will be able to buy aircraft Boeing does not offer, but does not expect to be a buyer of a 550-seater. Delta, a more likely buyer of a 550-seater, will not say whether its agreement allows it to buy aircraft Boeing does not make, but analysts believe it does. McDonnell Douglas results, Page 17

US seeks talks on farm exports

By Guy de Jonquieres in Washington

Washington yesterday said it was seeking consultations at the World Trade Organisation over practices used by Japan and the Philippines to discriminate against US farm exports.

The Philippines agreed to the consultation request, but Japan did not respond immediately. The US accuses the Philippines of failing to carry out a commitment in the Uruguay Round agreement to open its market to pork and poultry imports. "The US says months of intensive discussions have not persuaded Manila to implement properly tariff-rate quotas on the products."

Ms Charlene Barshefsky, US trade representative, said the Philippines had still not authorised pork and poultry imports for this year, and had established an import licence allocation system which discriminated against US products.

In the case of Japan, the US complains that quarantine testing procedures for agricultural commodities are unnecessarily complex and burdensome and violate a WTO requirement that testing be based on scientific principles and risk assessment.

The US complains that part of a broader effort by US trade authorities to respond to criticisms from Congress that trading partners are systematically discriminating against US farm exports.

Nine of the 25 complaints the US has filed with the WTO in the past two years have concerned agricultural trade.

Ms Barshefsky is also seeking congressional approval to appoint a senior trade official as her deputy with specific responsibility for agriculture in an attempt to give farm trade a higher priority in Washington.

WORLD TRADE NEWS DIGEST

EU heads for Canada film row

The European Union may invoke the World Trade Organisation's dispute-settlement mechanism against Canada over Ottawa's refusal to allow PolyGram, the Dutch entertainment group, to distribute foreign films on the domestic market. PolyGram has been at the centre of a dispute over claims that Canada discriminates in favour of domestic and US film producers and distributors.

Film-making and distribution are among several "cultural" industries which enjoy special protection from foreign competition. The cultural sector is exempt from North American Free Trade Agreement (Nafta) provisions, but a "grandfathering" policy has allowed US film groups to continue distributing Hollywood films in Canada.

Ottawa last month approved PolyGram's application to set up a film production subsidiary, but refused to budge over foreign film distribution. Mr John Beck, EU ambassador in Canada, described Canada's response as a "half-loaf".

Bernard Simon, Toronto

China warns on MFN status

China yesterday warned that the US would have more to lose if Washington decided not to renew Most Favoured Nation (MFN) trading status for Beijing. "If MFN were cancelled... the US will be hurt as a result," said Mr Shen Guofang, Foreign Ministry spokesman.

Mr Shen said renewal of MFN status, which gives China the same access to US markets as most other countries, would help trade and other ties. "On the issue of MFN, China is not the one that should be worried. The US is the one that should be worried," he said. "Renewing MFN... conforms with the interests of the two countries." House of Representatives Democratic Leader Richard Gephardt said on Wednesday he would probably oppose MFN renewal this year - as he did last year. President Bill Clinton has until June to decide whether to renew MFN status. Congress must then decide whether to accept this or vote to revoke it.

Reuter, Beijing

Sumitomo-Ericsson venture

Sumitomo Electric of Japan and Ericsson Cable of Norway are setting up a joint venture to manufacture and sell optical fibres in Europe. This is the first joint venture for the two companies and operations are scheduled to begin by the end of next year.

Sumitomo Electric, a leading manufacturer of optical fibre, will provide the equipment and manufacturing know-how, while Ericsson will contribute the site and building. Production volumes and sales forecasts were not revealed. Demand for optical fibre, which is used for high-speed advanced communications, is expected to rise sharply. The Japanese company said it had explored links with Ericsson in order to gain a foothold in the European market.

Michiko Nakamoto, Tokyo

Lyonnaise des Eaux has secured a stake in a company which will manage and improve water supplies in Budapest for 25 years. The contract was signed on Wednesday, two months after a consortium which is majority-owned by Lyonnaise - with RWE Aqua, a German-owned water company, owning 49 per cent - first said it had won the deal. Lyonnaise, which will become the main operator, will be paid together with RWE through management fees based on productivity gains from making the utility more efficient.

Leyla Boulton, Environment Correspondent

WTO weighs up Fuji-Kodak dispute

By Frances Williams in Geneva

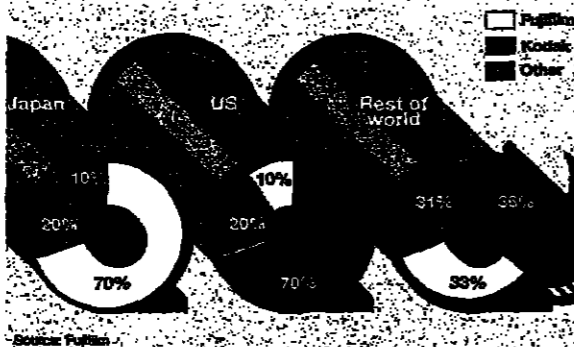
The US and Japanese governments yesterday presented evidence to the World Trade Organisation panel investigating US claims that the Japanese photofilm market is rigged against imports in contravention of WTO fair trade rules.

The dispute arises out of claims by Eastman Kodak of the US that its sales in Japan have been blocked by a series of government measures intended to limit competition with its Japanese rival Fujifilm. Tokyo has dismissed these claims as "groundless".

The panel is expected to issue an interim report before the August break on the complex dispute, which has already generated thousands of pages of documentation.

A final ruling is likely in

The view from Fuji film market shares



October but if, as seems likely, the case goes to appeal the dispute could spill over into 1998.

Washington argues that various laws and measures taken by the Japanese government over 30 years have aimed to neutralise the effect of tariff cuts on photofilm imports by bolstering Fuji's position in the domestic market. These measures included encouragement for exclusive wholesaling arrangements now dominated by Fuji, restrictions on discount stores and supermarkets that the US says are more likely to stock foreign goods, and strict controls on price competition and premiums that have allegedly stopped Kodak from using

price-cutting and promotions to sell its products.

In written evidence to the panel earlier this month Japan described the US allegations as "completely false". It said there were no government measures that discriminated against imports.

It argues that:

- exclusive wholesaling arrangements are the norm in the photofilm industry worldwide, including in the US;
- there is no correlation between the carrying of imported film and size of store. Moreover, regulations governing the establishment of large stores have been consistently relaxed;
- there are no restrictions on normal or even "aggressive" price, quality or promotional competition, all of which Kodak has used in the Japanese market;
- the "liberalisation

counter measures" which the US says nullified the benefits of tariff cuts preceded the negotiated duty reductions and are no longer in effect.

Even if US claims that these had led to an exclusionary market structure were vindicated, market structure is not covered by WTO rules and cannot be the subject of a panel ruling, Japan says.

Fuji argues Kodak's problems in the Japanese market have been caused by its own commercial blunders and says that it faces market barriers in the US.

Today the WTO panel will take evidence from the European Union and Mexico, which have declared an interest in the case.

Earlier this week the EU said it supported US arguments that Japanese government policy put imports at a disadvantage.

Seattle hampered in bid to lure Vancouver's cruise ships

Plying the waters of Glacier Bay has become a US\$1.2bn business for cruise lines operating off Alaska's coast. About 750,000 passengers booked last year, and this summer promises to be another good season for cruise operators whose home port is Vancouver.

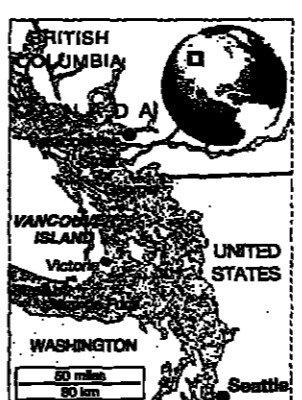
To the south, Seattle can only watch wistfully. While Vancouver's port booms in the summer, Seattle officials struggle to overcome geographic reality and US legislation that largely keeps cruise ships away. But the city's authorities say they are going all out to lure cruise liners away from their northern neighbour.

"Seattle has worldwide attractions and I think there is interest from the cruise lines in making it a home port for the industry," said Miss Maria Klewin, general manager of the port's piers where the cruise ships dock.

Vancouver has momentum in its favour. More than 500,000 people either boarded or disembarked from a cruise ship in Vancouver last summer. About 40 per cent of those made return voyages, bringing their dollars back to the city.

British Columbia tourism officials estimated the cruise line industry added C\$200m (\$146m) to the city's economy last year.

US law is hobbling the city's attempts to compete for trade, Scott Morrison reports



In Seattle, 250,000 passengers boarded or disembarked from cruise ships and contributed about US\$50m to the local economy.

"Seattle has hurdles to clear to make the city a home port for cruise lines," said Miss Linda Spaulding, a consultant based near Seattle.

Ringed by mountains, Vancouver is a stunning sight to visitors sailing into its harbour; it sits far enough north that cruise ships can reach Seward, Alaska, on a seven-day voyage. Sailing out of Seattle would add another day to cruise ships' itineraries,

increasing costs for operators.

More important, the US Passenger Services Act prohibits foreign-flagged ships from operating on domestic routes. As only one US-flagged cruise liner remains in operation off Hawaii, the Act in effect prevents Seattle competing with Vancouver.

An organisation of US tour operators and port authorities, including Seattle, hopes to change that. The collective, known as Cruising America, is writing legislation to reform the Passenger Services Act. It hopes to present its proposal before Congress this spring, though it acknowledges the issue remains an uphill battle.

Parallel legislation called the Jones Act places the same limitation on cargo ships.

US shipbuilders, the merchant marine and the seafarers' union oppose reforming the Passenger Services Act (PSA), partly because they fear it could be the first step to changing the Jones Act. That could cost US shipbuilders their business and US seamen their employment.

Mr Stephen Clary of the

San Diego based National Steel & Shipbuilding said his company had designed a 1,200-passenger cruise ship but had been unable to sell it for fear that US domestic routes will be opened to foreign-flagged ships.

Operating costs of non-US cruise ships are generally around 30 per cent lower, as they are not subject to US labour laws and can be manned by an international crew.

Seattle's port authority supports the drive to reform the PSA that will allow it to compete with Vancouver, but meanwhile, it is not sitting idle. Miss Klewin has been petitioning the cruise lines to adopt shorter or longer cruises that run between Seattle and a Canadian port.

It is not clear how much success Seattle will meet with if the law remains unchanged.

Holland America, with 33 per cent of the Alaska market, says it is always looking for ways to improve and change its itinerary, but acknowledges the Passenger Services Act was a key consideration when choosing Vancouver as its Pacific north-west home port.

Princess Cruise Lines, Holland America's main competitor in Alaska, says it is not actively considering changes to its itinerary. It seems the hurdles Seattle must clear are high indeed.

Bill would provide safeguards as part of deal to lift tuna ban

Dolphin law clears US hurdle

By Nancy Durne in Washington

Legislation lifting a US ban on imports of Latin American yellowfin tuna has cleared the fisheries committee of the US House of Representatives but is headed towards an uncertain reception in the full House and Senate.

The bill would write into law the so-called Declaration of Panama, a deal between the US and Latin American nations designed to put safeguards on tuna fishing so that dolphins would not be caught in the nets.

The legislation has split environmentalists. Groups such as Greenpeace and the Environmental Defence Fund say the pact would institutionalise protection for dolphin and other marine life.

Eighty groups, including Defenders of Wildlife and the Humane Society of the US, say the protection is insufficient.

The bill would allow tuna caught in the eastern Pacific, with the agreed safeguards, to carry a "dolphin-safe" label. Officials observers aboard fishing boats would have to certify that no dolphins were killed. Opponents say it is difficult to monitor the catch in the huge encircling nets, often made in poor weather.

Mr Wayne Pacelle of the Humane Society said: "It defrauds consumers by offering tuna as dolphin-safe when dolphins were harassed and injured and in some cases are killed in the process."

The legislation is being closely

watched as a test of how the US balances environmental and trade issues. A case against the US tuna ban, brought by Mexico, to the General Agreement on Tariffs and Trade resulted in an initial adverse ruling against the US. It also created an uproar among environmentalists.

The bill also tests the Clinton administration's ability to settle trade issues if Congress is involved. Similar legislation passed the House last year but died in the Senate.

The US began using a "dolphin safe" label in 1990 after US canners said they would no longer buy tuna caught in nets that harm dolphins. In 1992, Congress established a ban on imported tuna caught along with dolphins.

The Finished Article

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Freude am Fahren

PM offers his rebels an Emu concession

By John Gapper in London

Mr John Major, the prime minister, responded yesterday to discontent in the Conservative party over adoption of a European single currency by offering rebels the possibility of a free parliamentary vote on the issue.

Mr Major's suggestion that Conservative MPs would be allowed to vote in the House of Commons after the election in accordance with their consciences, rather than obeying a party instruction, came amid continuing turmoil in the party about European integration.

Mr Major, who on Wednesday

asked Conservative parliamentary candidates not to "bind my hands" in negotiations on a single currency, seemed to make his concession spontaneously when he spoke during a morning press briefing.

The suggestion, which Mr Major later strengthened in spite of an admission from Mr Kenneth Clarke, the pro-European chancellor of the exchequer, that he had not been consulted, provoked further accusations of weakness.

Mr Tony Blair, leader of the opposition Labour party, said Mr Major's appeal to "negotiate and decide" on monetary union was not credible because "John Major may

The general election campaign

negotiate if he is re-elected, but his party will decide". Mr Menzies Campbell, the Liberal Democrat party's chief foreign affairs spokesman, said that by conceding a free vote Mr Major was "not only abdicating the leadership of the warring Tory party, but capitulating to the Tory Euro-rebels".

Mr Major said he opposed measures in a document prepared by the Dutch government for the inter-governmental conference in

June, constituting "centralism, federalism, and decisions taken by bureaucrats and politicians in Brussels". He insisted that the Conservatives were unified in opposing proposals such as qualified majority voting on industrial and environmental policy, and accused the Labour party of having already signalled a surrender on several issues.

Mr Major said it would be "rather odd" to have a referendum of all British people on the issue of a single currency, and to "drag" MPs into voting in a particular way when the single currency was discussed in parliament.

His suggestion was welcomed by members of the Eurosceptic wing of his party. Mr John Wilkinson, a former Conservative MP who is standing for re-election, said MPs should be allowed to "exercise their unfettered judgment".

Labour said the state health service would be undermined if the Conservatives were re-elected. Labour has promised to add a further £100m (£162m) to the service's £35bn annual budget. But its unwillingness to raise taxes in order to increase the budget substantially was criticised by medical groups.

Editorial Comment, page 15

UK NEWS DIGEST

Three face NI terror charges

A man appeared in court in Northern Ireland yesterday charged with murdering three British soldiers including Lance Bombardier Stephen Restorick, who was killed with a single bullet in February while manning a check-point in the republican stronghold of south Armagh. Mr Martin McGinn, 39, was charged with three murders, possession of illegal weapons, conspiracy to murder and membership of the Irish Republican Army. Mr McGinn, from Castleblaney in the Republic of Ireland, was one of three men in court facing several charges. Mr Martin Mines, 29, from Crossmaglen in Northern Ireland, was charged with IRA membership and conspiracy to murder. Mr Michael Caraher, 30, was charged with attempted murder of a police officer three weeks ago. All three complained through lawyers that they had been assaulted in custody. They all denied all charges. *John Murray Brown*

THE ECONOMY

Inflation misses 2.5% target

The government has narrowly missed the target for inflation which it created as the centrepiece of its economic strategy following sterling's ignominious departure from the European exchange rate mechanism in September 1992. Underlying inflation - which excludes mortgage interest payments - fell from 2.9 to 2.7 per cent in March, according to official figures. Most economists expect inflation to drop below 2.5 per cent in the next few months as sterling's strength bears down on import prices. But buoyant domestic spending is expected to see it rising into 1998 as the economy's spare capacity is used up. *Robert Chote*

CAR INDUSTRY

Rethink for Ford dealer system

Ford is "changing fundamentally" its relationship with its 380 UK dealers, Ford of Britain chairman Mr Ian McAllister said yesterday. The new emphasis will be on reducing the overall cost of distributing and selling cars, rather than trying to push dealers into selling more vehicles at ever-lower profit margins. Implicit in Ford's approach is the acknowledgment that it is never likely to re-establish the clear UK market leadership it had for much of the 1970s and 1980s. *John Griffiths*

COMPUTER BANKING

Citibank launches 24-hour service

Citibank, the global banking organisation, has launched computer-based personal banking to the UK market with Direct Access, its 24-hour, real-time PC service. Citibank has been developing PC-based banking for 12 years and has 350,000 users in the US, where the system has been in place since 1985. The dedicated network service, not available via the Internet, will allow customers who use a modem to dial in and see their transactions, transfer money to other UK accounts in a choice of 15 currencies and transfer funds to Citibank accounts in six European countries. Barclays Bank is to launch a computer-based service on Monday. *Stephen McGowan*

Europe takes the campaign stage by storm

With two weeks left until the British general election on May 1, the issue of European integration and the single currency has at last burst into life in the campaign. It has done so in a spectacular manner, with the Conservatives now disagreeing openly about monetary union.

Mr John Major, the prime minister, placed the issue at the heart of his campaign this week. He had no choice but to face a growing rebellion inside his own party - even by a number of his own ministers - over his stand on a single currency.

He made a plea for his party not to "bind my hands" in negotiations on a single currency by ruling out the option that Britain would enter in 1998. The move was forced on him by election statements from two junior ministers who disclosed that they opposed monetary union.

Mr Major's attempt to hold back a tide of hostility to European integration in his party has not been the only sign of UK isolationism during the campaign. Although Labour has criticised the Conservatives for being negative about Europe, the opposition party itself has avoided appearing too pro-European.

The drift of both parties towards Euroscepticism is not wholly out of line with

John Gapper looks at drift of the main parties towards Euroscepticism

their election manifestos. The Conservatives declared that "we want to be in Europe, but not run by Europe" while Labour said that "we oppose a European federal superstate".

Both parties attempted to ease the pressures on them over the issue well before the election by saying there would be a referendum on a decision to join a single cur-

rency. Even the centrist Liberal Democrats, the most openly pro-European of the national parties, said it would hold a referendum. Yet during the campaign, neither main party has made much of the positive arguments for joining a single currency.

While both officially say they might join in 1998, they have made louder noises

about standing up against other EU states on issues such as the Common Fisheries Policy.

This is due partly to the effect of the campaign run by the Referendum party, founded by Sir James Goldsmith, the billionaire financier who in 1994 won a French seat in the European parliament. In Britain, he founded the

Referendum party, which argues that its rivals merely promise a "phony referendum" on a single currency, rather than one on whether the UK should accept federalism.

Sir James's rhetoric has had some effect on the electorate, although a MORI poll in The Times newspaper yesterday found that nearly three-fifths of the public sup-

SENIOR MINISTERS AT RISK IN SCOTLAND

Michael Forsyth (left) and Ian Lang face a hard fight to save their parliamentary seats in Scotland. James Buxton in Edinburgh writes. The governing Conservative party faces severe pressure in Scotland from Labour and the Scottish National party and the two ministers are at risk there.

Mr Forsyth, the chief minister for Scotland, is in grave danger of losing his Stirling seat, in central Scotland, to a Labour challenger. In 1992, when almost 50,000 electors voted in Stirling, he won with a majority of only 703. But boundary changes since then have reduced his

notional majority to only 236 - assuming the electorate votes as it did last time. But Mr Forsyth has won against the odds in each general election he has fought since becoming an MP in 1983.

Mr Lang, the chief industry minister, had a majority of 2,468 over the nationalists in 1992 in Galloway and Upper Nithsdale, in south-west Scotland. The nationalist party is fielding Alasdair Morgan, who was its campaign director at the last election, and believes it can win the seat. Labour and the nationalists are both ahead of the Conservatives in Scottish opinion polls.



MICHAEL FORSYTH

IAN LANG

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This invitation to tender is in accordance with the requirements of SPT TELECOM, a.s. (hereinafter SPTT) for the provision of a General Fault Management (OS) and Network Integrator.

SPTT's network is undergoing major changes regarding the deployment of new technologies and the implementation of an O&M strategy that is focused on reducing operating costs and driving up network quality. Network operations systems are required to enable the benefits of these changes to be achieved. SPTT is now seeking to purchase a GFM system which will provide information on the fault status of the digital and analogue switch networks, and on environmental (e.g. buildings) alarms.

The Contract for GFM shall be implemented via a minimum of two Purchase Orders. Purchase Order 1 shall be for a pilot of the GFM and Purchase Order 2 for nationwide implementation. All Bidders shall be required to demonstrate their commitment to adapt the GFM system, after conclusion of the contract, to enable interfaces to be established to other network systems (e.g. leased lines, CCS7, transport and access networks). Bidders shall also demonstrate compliance of their GFM system with appropriate TMN ITU-T recommendations and demonstrate that their offered system is a proved solution by providing a list of reference projects in an environment comparable to that of SPTT.

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MANAGEMENT



John Kay

Uncertain future

It is not easy to determine how New Labour would ensure that market forces were tempered by fairness

What does New Labour mean for business? There is no shortage of material. The left-leaning Institute for Public Policy Research has produced a report from its Commission on Public Policy and British Business. One of its members, Richard Layard, has a book of his own. (Another of its members is the author of this article). Labour has its business manifesto, and now Will Hutton has followed *The State We're In* with *The State to Come*.

What is most remarkable about all these is what is not in them. All emphasise that the operation of market forces must be tempered by fairness. But none proposes that this will be achieved by government telling business what to do.

The business manifesto too, is almost as far from that as it is possible to go. "To bring about the fair and prosperous society that Labour seeks, we need successful and enterprising businesses making strong profits," says Gordon Brown in his introduction. A far cry from Labour's former promise to secure for workers by hand and brain the full fruits of their labours.

But it is not easy to establish from any of these sources what justifies government interference with the market. Sometimes, especially in the business manifesto and the commission's report, it seems the only appropriate intervention happens when market forces are not competitive enough.

Everyone is emphatic about that: "Competitiveness abroad begins with competition at home" (business manifesto); "British policy has not been tough enough on competition" (Layard); "The primary responsibility of government in this area is to ensure that markets are and remain highly competitive" (commission report); and Hutton wants "a much

tougher approach by the competition authorities to the monopoly implications of takeovers".

There are some who believe that the outcome of competitive markets is itself fair. But none of the authors is among them. The business manifesto contains no reference to fairness – you have to go to the main manifesto for that. But the others do. Hutton offers "a new vision of how to combine a successful market economy with a fair society". For Layard, "a good society provides prosperity, fairness, full employment and security". The commission is more restrained: "We cannot ignore the distribution of economic activity" – although the paragraph that follows gives the impression that it is the cost of policing, rather than a sense of justice, that makes it necessary to reduce inequality.

So when is there a rationale for intervention? How is fairness to be brought in? At this point, there is a real difference between the various different programmes. The business manifesto outflanks all others in insisting that the government should stand aloof: "Business has the best idea of where its own interests lie." True, but do its own interests always align with those of the public? Labour's

Some believe the outcome of competitive markets is itself fair, but clearly none of the authors of these programmes is among them

document evades that issue.

At the other end of the spectrum, Hutton is continually struggling to control his dirigiste instincts. "The balance sheet of gains and losses is much wider than a simple calculus of one firm's profitability". A whole chapter is entitled "Why Markets go Wrong".

The commission is more guarded: "While market liberalisation and some deregulation were appropriate, even the strongest devotees of these policies do not claim that they alone were, or are, sufficient to resolve Britain's economic problems." Layard is the most explicit, and, in some ways, the most radical: "The weakness of our economy stems from the same sources as the divisions in our society. But this does not get much beyond the confident assertion that economic inequality is not a necessary consequence of economic growth."

The business manifesto and the commission report, both fearful of offending a business constituency, shy away from any overt critique of unconstrained market forces. Hutton is ready to undertake that critique but bases it on a bizarre combination of the musings of George Soros and Anthony Giddens. Soros, who cleaned up from Britain's ignominious exit from the exchange rate mechanism, and Giddens, the sociologist who heads the London School of Economics, are outstanding in their field, but neither has much to say about the strengths and weaknesses of market economies.

In the end none of these programmes provides a single coherent account of the role, and the limitations, of market forces in modern economies – the defining issue of the New Labour project. For the best statement of these issues, it is better to cross the Atlantic and turn to *Wither Social-*

ism?, the reflections of Joe Stiglitz, former chairman of the Council of Economic Advisers, which advises Bill Clinton, the US president.

Stiglitz gives a precise account of the virtues of markets. He identifies the benefits of the process of decentralisation and comparison, of search and discovery, of rewarding successful innovation and penalising failure to respond to consumer needs – all those things which were so disastrously suppressed when eastern European markets were subordinated to political control.

But Stiglitz also explains how markets fall when confronted with the need to pool certain kinds of risk, and he identifies their weakness in generating and processing information, and how they can give rise to too many financial services and too few public goods.

That analysis defines the proper boundaries of public and private action. It lays out the middle ground between Old Labour's denunciations of the tyranny and anarchy of the market, and the Panglossian New Right claim that whatever emerges from market processes is for the best. It is on that middle ground that this, and future elections, need to be fought.

What Labour Can Do, Richard Layard, Warner Books 1997.

Commission on Public Policy and British Business – Promoting Prosperity, Vintage 1997.

The State to Come, Will Hutton, Vintage 1997.

Equipping Britain for the Future – Labour's Business Manifesto, Wither Socialism, Joe Stiglitz, MIT Press 1995.

John Kay is a director of London Economics and director of the School of Management Studies at Oxford University. This column appears fortnightly.

It is reported that a child, confronted with the majestic bulk of the writer G.K. Chesterton, asked "Mummy, what is that man for?" The question could be applied to Tom Peters, the archetypal management guru, who earns perhaps \$6m a year from speaking engagements and whose main achievement is a celebrated book – *In Search of Excellence* – which, by his own reckoning, almost no-one has read in detail.

Among the humbler ranks of academics and consultants – both of which Peters once was – he is often written off as a mountebank, a kind of managerial holy roller, whose books have not stood the test of time but who can still charge \$100,000 a day for haranguing the converted.

The reality is more complex. Although Peters' function may seem elusive, he is taken seriously by some surprising people. Jack Welch of General Electric tells Crainer he is "enormously impressed" by Peters' work. Another heavyweight industrialist, Percy Barnevik of ABB, appreciates Peters' hands-on, flexible approach: "He thinks like a manager, not an academic."

He certainly does not think like the average consultant. His six books, he says, could be by six different authors: "I regard inconsistency as a compliment." Nor does he accept the guru label. "I just talk about stuff I've seen, try to confuse people I talk to... There are no answers. Just, at best, a few guesses that might be worth a try."

This is a touch disingenuous. Peters represents a not uncommon American phenomenon: the man with solid academic credentials – one thinks of Welch and Iacocca – who puts himself over as an average Joe.

Thus, Peters' folksy approach disguises the fact that he graduated second in his civil engineering class at Cornell, and has an MBA and PhD from Stanford. Even before *In Search of Excellence* made him famous in 1982, he was teaching Stanford business classes.

Similarly, his latter-day emphasis on creative disorder – another of his books is called *Thriving on Chaos* – is at odds with the discipline of his early years. Not only did



Book Review • Tony Jackson

Excellence explored

Tom Peters can claim to have invented an industry

CORPORATE MAN TO CORPORATE SKUNK: THE TOM PETERS PHENOMENON
By Stuart Crainer
Capstone Publishing
£18.99, 304 pages

he spend four years as a military engineer in Vietnam, he also spent seven successful years at that most notoriously buttoned-down organisation, McKinsey.

As pictured by Crainer, Peters acts best as a kind of mediator, a voracious reader who latches on to early ideas – often academic – and passes them on to a wider audience. In his own descrip-

tion, he is "a translator who is good at finding interesting examples which make it relevant to people".

He is also a master of timing. *In Search of Excellence*, with its soothing analysis of supposedly outstanding American corporations, came just as US industry was starting to panic about the threat from Japan. *Thriving on Chaos* (1987) anticipated the vogue for change management. *Liberation Management* (1992) raised the now ubiquitous topic of intellectual capital and how best to exploit it.

None of this, perhaps, justifies a book about him. But as Crainer argues successfully, Peters has a wider significance. His ideas may be nebulous, his theories

ephemeral, what matters is the fact of his existence.

As Crainer puts it, while Peters was by no means the first guru, he created the guru industry. He did so "not through his academic credentials, nor through the diligence of his research or even the originality of his ideas... [but] through his performances, the sheer weight of his personality".

Others have hopped on the bandwagon. Steven Covey (*Seven Habits of Highly Effective People*) and Michael Hammer (*Re-engineering the Corporation*) apparently belong to the select few who can charge up to \$50,000 per session, 100 days a year. The market for guru performances – leaving aside book sales – is estimated by Crainer at just under \$1bn a year.

What on earth for? "All executives", Crainer says, "have an unquenchable desire for instant solutions... *The One Minute Manager* has been bought by millions. Would barristers buy *The One Minute Advocate*? We all know the answer."

At the root of the phenomenon, Crainer suggests, is the fact that managers are slightly ill at ease with the worth of their profession. This is of course, a situation which Peters has helped to bring about.

The influence of gurus, says Crainer, dwindle the further you go up the corporate ladder. Middle managers are often short on self-belief. The people who make it to the top have more confidence in their own solutions.

Now that Peters is in his mid-50s, his career may be ebbing. According to Crainer his last two books – the painfully named *The Pursuit of Wow!* and *The Tom Peters Seminar* – are evidence of an intellectual dead end. Judging by a slide which Peters uses in his presentations, reading "Excellence! Pretzel Crumb-ness + WOW!", this may be understating things a little.

Still, not everyone can claim to have invented an industry. And as Peters sits in his Vermont farmhouse he is bound to reflect that he has had a good run.

Corporate Man to Corporate Skunk is available from FT Bookshop by ringing FreeCall 0500 500 635 (UK) or +44 181 324 5511 (outside the UK). Free p&p in UK.



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ZURICH RE

ARTS

Music makes the world go round

The Philharmonia is on the move again. Richard Fairman reports

This week the Philharmonia announces a new residency at the Megaron in Athens. It will involve the orchestra in a stay of 10 to 12 days each year, programming an opera and a couple of concerts for each season. Tying an umbilical link with a city on the other side of Europe may seem strange, but it shows how far orchestras are having to go to secure their future.

For London's poor self-governing orchestras there is only promise of further upheaval. Although nothing has been said officially, it seems the South Bank is optimistic of news shortly on its application for a lottery grant of up to £13m to undertake Richard Rogers's large-scale upgrading of the whole arts complex. The Royal Festival Hall's resident orchestras are being told the hall will close in mid-1999, with a formal re-opening scheduled to coincide with the 50th anniversary of the Festival of Britain in 2001.

Ironically, it was the threat of being shut out of the South Bank

that spurred the Philharmonia to look overseas for a port in the storm. That was in 1993 when the Arts Council had decided there should only be one resident orchestra at the RFH and strings were being pulled on high to make it the London Philharmonic. Just when it looked as though the Philharmonia might be finished, a combination of high-level contacts and French artistic pride landed it a valuable prize - a residency across the Channel at the Théâtre du Châtelet in Paris.

This was a unique venture and in retrospect a hugely important one. Orchestras simply did not enter into long-term agreements with concert-halls in another country, least of all a London orchestra gobbling up a significant slice of Paris's arts subsidy. Under European law there was

little the French unions could do about it, but the audiences made their feelings known. David Whelton, the Philharmonia's managing director, is able to look back on the orchestra's first appearance at the Châtelet with a certain degree of amusement now.

"In a word we were booed off. We had been very fortunate in pulling off major sponsorship from Rover France, which was worth about £500,000 to us. The opening night of *La traviata* was the first opportunity the company had to demonstrate the value of that sponsorship to their clients and the parent company, so we were inundated with VIPs. But by the interval it was clear that we weren't exactly going to get a warm reception. At the end there was a tremendous outburst of booing. The

boss of Rover France just said to me calmly, 'David, were you expecting that? I wanted to jump out of the highest window I could find'.

Four years on, the controversy has died down and the value of the partnership has become clear to both sides. France has traditionally funded the arts more liberally than the UK, so the Philharmonia has had the opportunity of putting together high-quality performances for the Châtelet and then bringing them over to the South Bank, when it can. The top performers can be enormously expensive and it is an extra incentive if they can be offered a deal that takes in London and Paris, not to mention the other links the Philharmonia

has forged in Salzburg and now in Athens.

Whelton sees this as part of the fast-changing world orchestras must face. "We have to be aware of the changing needs of the market. I don't think the one-off concert is going to survive much longer, except with megastar soloists and conductors, which makes it horribly expensive. We need to build long-term relationships with our audiences and I think a residency is the way to achieve that. It is especially relevant in the UK regions, where we do more than a third of our work. Look at our residency in Bedford, for example: we hope people there will think of coming to a Philharmonia concert as if they are going to see the local football team."

Hardly less important is the

implication for the budget. When the classical record industry went into its sudden decline, the London orchestras lost an important source of their income. For the Philharmonia, the residency at the Châtelet has helped plug that gap. The money is assured income for a given period of each year and is not a negligible amount, according to Olivier Boulard, the Châtelet's administrator of productions. "In comparison with other orchestras, such as the Royal Amsterdam Concertgebouw or the City of Birmingham Symphony Orchestra, the Philharmonia has a very good price, thanks to this relationship. The contract is for a fixed sum in French francs updated annually according to inflation, so on our side there is at least the security of knowing how much we will have to pay."

The residency at the Châtelet looks set to continue, although that will depend on the new general director, Jean-Pierre Brossmann, who takes over formally in the autumn. His predecessor, Stéphane Lissner, the prime architect of the Philharmonia's presence in Paris, is going to the Aix-en-Provence festival, where the orchestra may yet find itself spending its summers under the Provence sun. Perhaps there are worse fates than being a rank-and-file viola after all.

For Athens, meanwhile, there are major projects in hand. Helena Matheopoulos, the Philharmonia's vocal consultant, made the link to Athens happen and is planning the operas to be seen both there and in London. *Salome* is fixed for 1998. Verdi's *I vespri siciliani* for 1999, and Wagner with Christoph von Dohnányi, the orchestra's principal conductor designate, is a strong possibility for the future. After that, where next? There is some not-quite-idle talk of a tie-up with Tokyo. The international orchestra could be a creature of the next millennium.

Theatre

A playwright in performance

Is there one definitive style for acting Harold Pinter's plays? In the 1960s, Peter Hall was the first director to demonstrate a style for performing Pinter that seemed definitive. That style was part and parcel of the style that Hall was developing for the Royal Shakespeare Company, which he directed in that period. Pinter declared himself satisfied at the time, and that style is, I believe, the one in which he now directs his own plays. Witness his superlative staging of *Land-scope* in 1994 and of *Ashes to Ashes* in 1996. In that style, one is very much aware of the famous/notorious Pinter pause; of the internal rhythms of his lines and the connective rhythms of his dialogue; of the weight of what is left unsaid. One is equally aware of the eloquent spaces between characters; and between play and audience.

Yet - how strange - this is not quite the style Pinter himself employs when he acts in one of his own plays. Possessed of great vocal and physical authority and menace, he takes you by surprise with the lightness, urbanity, and naturalism of his acting. Last week, he opened the second Pinter Festival at the Gate Theatre in Dublin, in his play *The Collection*. This is the play that first brought Pinter into collaboration

with Hall and the RSC in 1962; he plays Harry (a role previously taken, onstage or on TV, by Griffith Jones, Michael Hordern and Laurence Olivier). Pinter is remarkably brisk and funny, lighting up the play in his every scene with the dynamic flair of his delivery, and at times coming more close to Noel Coward style than one might have imagined possible from him. More interesting yet is the fact that one is never aware, with him, of a single pause. The more contrived kind of Pinter pause - the wait-and-see, listen-how-time-is-passing kind - is, refreshingly, absent. Whereas Pinter style has often involved a degree of manipulating the audience, Pinter himself seems more concerned to entertain.

The Collection, a dark comedy, is one of those several early Pinter plays where he seems very akin to Joe Orton: proto-Orton, one might say. Four characters, in two households, find themselves connected in strange, witty, and alarming ways after Stella has (apparently) told her husband James that Bill, who lives with Harry, had spent the night with her last week in a hotel in Leeds. But what did go on between them? And how does it affect their respective partners? James

goes to investigate Bill; but is he vengeful? defeatist? desirous? Bill, who tells him several different versions of what went on with Stella, is something of a Mr Sloane type: naughty, boyish, light-weight, sly, provocative in several different ways. Later, Harry goes to investigate Stella; and his method is more that of the suave seigneur. Every scene is a power-game, and every character has his or her little victories and defeats.

Alan Stanford, directing, ensures that each of the four characters is at times fascinatingly inscrutable; and makes the most of the cat-and-mouse games that the three men play with each other. As Stella, Ingrid Craigie is rather too monochrome and forlorn. But Frank McCusker plays the roguish Mr Sloane bisexual ambiguities of Bill to the hilt; and "to the hilt" is, by the way, a phrase he turns to full phallic suggestion. Gerald McSorley, as James, is compellingly morose: initially in immobile depression, later responding to Bill, now like a detective to a criminal, now like a moth to a flame.

Alastair Macaulay

The Pinter Festival at the Gate, Dublin continues until April 26.



Pinter in Pinter: brisk and funny, one is never aware of a single pause

Herbaceous banter

Last year the RSC put on Peter Whelan's new play *The Herbal Bed* at Stratford, and then in the Barbican's Pit. It pleased so many people that it has transferred to the intimate little Duchess Theatre in the West End. Good for the Duchess, which has been wasted for most of a decade on *No Sex Please - We're British!*, *Run for Your Wife!* and *Don't Dress for Dinner*.

Good for Whelan too, whose ingenious concoction starts several moral hours before revealing them all to be mechanical rabbits. Similarly with the come-on for the play, which is that it concerns an historical daughter of Shakespeare, Susanna Hall; in fact Shakespeare has

nothing to do with it. As the author declares, *The Herbal Bed* "was never intended as historical documentary".

It is not even historical pastiche, but simply a fantasy around the meagre facts about Susanna, which include her marriage to Dr John Hall; her defection suit against "had the rumbling of the reynes" - gonorrhea, it is thought - "and had been naughty" with Rafe Smith; and finally the epitaph on her tomb, which praised her as "witty above her sexe" but "wise to salva-

tion", an angel of mercy to all.

Whelan translates her merciful "comforts cordial" into potent herbal cocktails. Susanna (Teresa Banham) has learned much from her physician-husband; she refills his clients' prescriptions when he is away, and even recognises and treats her dying father's gonorrhea when her husband has overlooked it. Odd, that - since Dr Hall is otherwise presented as a medical genius; but Whelan wants to explain away the gonorrhea-charge against Susanna as Jack's misreading of her innocent potion-brewing.

Nonetheless she has been carrying on with smouldering, romantically rumpled Rafe (Richard Hawley) - just short of consummation. His wife has been frigid since the deaths of their two children; Susanna has long accepted that her own husband is married to his profession, but she misses warm erotic contact. Rafe is eager to provide that, despite Puritan instincts that cause him grave doubts.

Susanna presses a bold philosophical proposition, that every individual person is distinct from the roles she plays (wife, mother,

doctor's helpmeet), and so there is no such thing as adultery. But it is never debated; Rafe is unconvinced and unhappy. When the nasty crunch comes, facing up to the defamatory-suit distresses everybody. At the tribunal, they are all lying.

Susanna is the coldest liar - and the prosecutor-clarifier himself (Stephen Boxer), who rightly believes nobody subsidises at last into grim-bling acquiescence, observing that even excommunication cuts little ice nowadays. In short, *The Herbal Bed* is a gently cynical modern comedy, deftly played, in which nobody wins but nobody loses very badly either.

David Murray

Concert/Andrew Clark

Sibelius's uncut diamond revealed

Great composers rarely allow us to glimpse the creative struggle behind their masterpieces - but when they do, the achievement somehow seems greater. In the case of Sibelius's Fifth Symphony, which the BBC Scottish Symphony Orchestra explored on Wednesday in the form of a documentary concert, the three-movement work much loved by audiences today is all the more remarkable when set in the context of the original four-movement version.

The BBC SSO's concert in Glasgow, conducted by its Finnish music director, Osmo Vänskä, included substantial extracts from this earlier version, played for the first time outside Finland. Vänskä's world premiere recording of it created a sensation a year ago, because it revealed a stepping-stone in Sibelius's stylistic leap from the austere harmonic extremes of the Fourth Symphony to the compressed fluency of the Fifth's final version. The BBC SSO took this educative process a stage further, using extracts from the composer's letters and archive recordings of his brisk, business-like voice.

Sibelius completed the first version by his 50th birthday in 1915. Already a national hero, he could have sat back amid the acclaim that greeted the new work. But a second version followed, and only after conducting a third in 1919 did he pronounce himself satisfied.

The 1915 version is like an uncut diamond - but a diamond nonetheless. The themes are all there, but the orchestration is different, and for anyone familiar with the finished version, the music comes across in a dream-like haze. It is darker, more long-winded and - most surprising of all - more harmonically adventurous. The majestic "swan hymn" of the finale is interrupted by dissonant brass, like an evil menace trying to hold up the music's progress. By removing this flash of modernism, one key superim-

posed on another, Sibelius gave the final version a sunnier, more down-to-earth quality.

Elsewhere, the 1915 version offers fascinating insights into the way he assembled his themes and edged his way forward by ruthless elimination. For the published version, for example, he fused two freestanding movements into a more powerful opening statement. He introduced tempo variations to generate tension and energy, driving the music almost out of control in the run-up to the first movement's coda - a point vividly underlined by Vänskä.

But the biggest insights came in the comparative illustrations of the finale. The opening string theme of the finished version is, in fact, a transformation of a woodwind chorale in the original *andante*. And whereas Sibelius initially linked the thunderous closing chords with leisurely strings, he isolated them for the finished product, to far greater dramatic effect. Hearing these passages side-by-side was like looking over the shoulder of a genius.

In an ideal world, we would have had a complete run-through of the original version. This was vetoed by the Sibelius family - an incredibly short-sighted view. There were limitations, too, in the BBC SSO's choice of material. More evidence was needed of the psychological processes which led to Sibelius's late style: why, for example, did he iron out those dissonances?

But there were plenty of good quotes: not just the familiar ones on God and critics, but about his treatment of themes, which Sibelius likened to re-arranging the tiles of a mosaic: "I am a slave to my themes and I submit to their demands." As the BBC SSO clearly fired up by Vänskä, showed in this illuminating presentation, the composer meant every word. Anyone interested in Sibelius should listen to the Radio 3 broadcast on May 10.

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Nederlandse Kamerorkest: with conductor Philippe Entremont and pianist Titi Felner performs works by Martin, Mozart and Honegger; Apr 19, 20, 21, 22

BARCELONA

EXHIBITION
Fundació Antoni Tàpies Tel: 34-3-4870315
● Marcel Broodthaers Cinema: exhibition focusing on the role of film in the work of the Belgian artist who used the medium throughout his career as a device for questioning the nature of art, its function and the context in which it is produced and exhibited; to Jun 15

BASEL

EXHIBITION
Kunsthalle Basel Tel: 41-61-2724883

● Albert Oehlen: exhibition of paintings by the contemporary German artist who uses his work to address issues of popular myth and spiritual and political history; to May 25

BERLIN

CONCERT
Konzerthaus Berlin Tel: 49-30-203080
● Orchester der Deutsche Oper Berlin: with conductor Jiri Kout and cellist Siegfried Palm performs works by Mendelssohn, Blacher and Dvorák; Apr 22
Philharmonie Berlin - Grosser Saal & Kammermusiksaal Tel: 49-30-2614383
● RIAS-Kammerchor: with conductor Marcus Creed performs works by Brahms, Ligeti and Holger; Apr 20
● Berliner Philharmonisches Orchester: with conductor Daniele Gatti performs works by Berlioz, Liszt and Bartók; Apr 21, 22, 23

BRUSSELS

THEATRE
Koninklijke Vlaamse Schouwburg Tel: 32-2-2194944
● Othello: by Shakespeare. Directed by Franz Marjnen, performed by the Koninklijke Vlaamse Schouwburg. The cast includes Bert André, Sandrine André, Hubert Damen and Blen de Moor; to Apr 27

CLEVELAND

EXHIBITION
Cleveland Museum of Art Tel: 1-216-421-7340

● Alone in a Crowd: Prints of the 1930s-40s by African-American Artists from the Collection of Rabe and Dave Williams: display of 100 prints by artists including Charles Alston, Elizabeth Catlett, Hughie Lee-Smith and Hale Woodruff, providing insight into the African-American experience in a range of styles; from Apr 22 to Jul 6

DUBLIN

MUSICAL
Olympia Theatre Tel: 353-1-771020/782153
● JFK: by Holt and Sawyer. Directed by Larry Fuller. The cast includes Maurice Clarke and Monica Ernesti (premieres); Apr 21

FRANKFURT

EXHIBITION
Museum für Moderne Kunst Tel: 49-69-21230447
● Views from Abroad: European Perspectives on American Art II: the second part of the Gallery's exchange of exhibitions with the Whitney in New York. Artists featured include Andre, Baldessari, Cage, de Kooning, Hopper, Pollock, Viola and Warhol; to May 4

LEIPZIG

CONCERT
Gewandhaus zu Leipzig Tel: 49-34-12700
● La Damnation de Faust: by Berlioz. Conducted by Fabio Luisi, performed by the MDR-Sinfonieorchester, Chor and Kinderchor. Soloists include

mezzosoprano Julia Varady, tenor Vinson Cole, baritone Philippe Rouillon and bass Francesco Elero d'Artegna; Apr 20

LONDON

CONCERT
Royal Festival Hall Tel: 44-171-9604242
● BBC Symphony Orchestra: with conductor Jiri Belohlavek and pianist Garrick Ohlsson performs works by Prokofiev, Bartok and Schubert; Apr 21

EXHIBITION
National Portrait Gallery Tel: 44-171-3080055
● August Sander: major retrospective exhibition of the work of the German photographer. In a series of uncompromisingly direct photographs Sander recorded rural and urban society in Germany both before and after the First World War. The selection of 200 photographs on display, drawn from Sander's own collection, includes a high proportion of previously unseen images; to Jun 8

Tate Gallery Tel: 44-171-8878000
● Turner's Watercolour Explorations 1810-1842: display of Turner's watercolours selected from the Colour Beginnings collection; a group of 380 pieces, some highly abstract and many, until now, unidentified. The majority of the works are studies, sketches or explorations of effects but there are also a number of finished pieces, most famously "Loss of an East Indian", one of Turner's graphic shipwreck

scenes; to Jun 8

MILAN

CONCERT
Teatro alla Scala di Milano Tel: 39-2-88791
● Maurizio Zannini: the pianist performs works by Mendelssohn; Apr 21

NEW YORK

EXHIBITION
MOMA - Museum of Modern Art, New York Tel: 1-212-708-8400
● After Artaud: this exhibition presents a selection of works intended to illustrate the influence of Antonin Artaud (1896-1948) within contemporary culture. Although the ravaged and fragmented images of the body executed by Artaud in the 1940s, and his disturbing, obsessively drawn portraits and self-portraits were little known until recent years, their impact in the realm of the visual arts is readily apparent; to Apr 29

OPERA
Metropolitan Opera House Tel: 1-212-362-6000
● Madame Butterfly: by Puccini. Performed by John Flore, conducted by John Flore, includes paintings, drawings, watercolours, etchings, woodcuts and sculpture; to Aug 24

PARIS

CONCERT
Théâtre des Champs-Élysées Tel: 33-1-49 52 50 50

● Wiener Philharmonisches Orchester: with conductor Sir Simon Rattle performs works by Haydn, Strauss and Berlioz; Apr 21

EXHIBITION

Galerie Nationale du Jeu de Paume Tel: 33-1-47 03 12 50
● Bernard Moninot: display tracing the development of the Frenchman's work from his first designs on glass in the early 1980s to recent engravings on carbon paper; to May 18

VIENNA

EXHIBITION
Kunsthause Wien Tel: 43-1-7120495
● Schmidt-Rottluff: comprehensive exhibition of the work of the German expressionist Karl Schmidt-Rottluff comprising around 180 works, includes paintings, drawings, watercolours, etchings, woodcuts and sculpture; to Aug 24

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Friday April 18 1997

Israel needs a fresh start

In April 1977, Yitzhak Rabin resigned as Israeli prime minister after his wife was fined for holding illegal bank accounts in the US. Almost exactly 20 years on, his successor Mr Benjamin Netanyahu has vowed to fight on as premier in spite of a voluminous police report recommending he be indicted in an influence-peddling scandal.

The parallels between the cases are not exact. But the ignominious end of Rabin's first term – followed by an election which brought the Likud party to power for the first time – is an ill omen for Mr Netanyahu. Israel's attorney general may yet decide, as the prime minister is obviously calculating, not to press charges in the coming days. Even so, his credibility in government will have been fundamentally – possibly fatally – undermined.

The consequences are potentially far-reaching, not least for the peace process between Israel, the Palestinians and the wider Arab world. Mr Netanyahu was at most a half-hearted participant in more propitious times. Elected with a wafer-thin majority last year on a ticket of "peace with security", he repeatedly expressed his distaste for the Oslo accords with the Palestinians while pledging simultaneously to implement them.

Sensitive issues
The effect has been a policy zig-zag, in which grudging moves in line with Oslo are followed by ill-considered concessions to domestic hardliners on sensitive issues such as Jewish settlements and Jerusalem. The outcome – visible in rising Palestinian unrest in the West Bank and Gaza Strip, a closing of ranks against Israel by the Arab states, and growing international isolation – was grimly predictable. Israelis, pace what they were promised at their last election, have gained neither peace nor security.

If Mr Netanyahu clings to office in his weakened state, with a further hardening of policy to curry favour with his rightwing and religious party

critics, the current barely convincing efforts to relaunch negotiations can be all but written off.

For Israel's body politic, the prospect is no more pleasing. It is a credit to the openness of Israeli society that the police were able to proceed without interference in their investigation, and that the public expects government law officers to decide strictly on the merits of the case. But whatever the degree of Mr Netanyahu's personal involvement, the affair paints a squalid picture of corruption and incompetence, in which justice is traded for influence and a handful of small but wealthy religious parties exercise disproportionate leverage on power, whichever party leads the government.

New start

What Israel needs is a new start. The trouble is that, thanks to the country's impossibly complex new constitution, it is unlikely to get one through action in the Knesset. Under the rules that made him the first directly elected premier, Mr Netanyahu is hard to dislodge.

The onus is thus on the prime minister himself. If the attorney general does decide to proceed with charges, he should resign forthwith and precipitate new elections. No democratic leader could expect to remain in office while facing trial on charges of this kind.

But even if charges are not pressed, the prime minister should consider his position. The taint of the current case will not leave his government. In such a climate his room for political manoeuvre – at home and in the peace process – can only shrink to vanishing point. Israelis are understandably weary of endless electioneering, and there is no guarantee that any fresh poll would produce a dramatically different result from the last one. But the past year has amply demonstrated Mr Netanyahu's strengths and weaknesses. He should give the electorate a chance either to reinforce his mandate or to throw him out.

British jobs on the line

Of all the doubts surrounding Labour's plans for government perhaps the greatest concern is for employment policy. Can Labour, if elected, fulfil its promises to promote workers' interests without compromising Britain's hard-won reputation for competitive and flexible labour markets? Or will the unions, free of Tory rule, demand more in pay and rights than the country can afford?

As the Conservatives rightly point out, Labour consistently opposed the trade union legislation of the 1980s and other Tory policies designed to reform British industrial relations. Thanks partly to these reforms, Britain's strike record is now among the world's best, and its flexible labour markets are the envy of the rest of Europe. The unemployment rate, in which a further fall was announced this week, is among the EU's lowest.

Labour's business manifesto insists that there will be "no repeal of the main elements of the 1980s industrial relations legislation". But the pressure for repeal persists: witness the interim agenda for the conference of Usdaw, the shopworkers' union, later this month. This includes demands for reversing Tory union laws.

Labour's plans for a minimum wage also raise serious anxieties. If it were set at a low level, say 23 an hour or less, it would be an irritant to free-market theorists but present few practical problems. However, if the minimum were set high, say at above £4, it could create unemployment by encouraging employers to sack low-paid staff.

Devil in the detail

It is similarly difficult to see what good might come of Labour's plans for statutory trade union recognition. In theory, the case that workers should have rights to choose their representatives for negotiations with employers has merit. But the devil is in the detail: statutory recognition could become mired in legal and demarcation disputes.

The potential impact of Labour's proposal to sign the

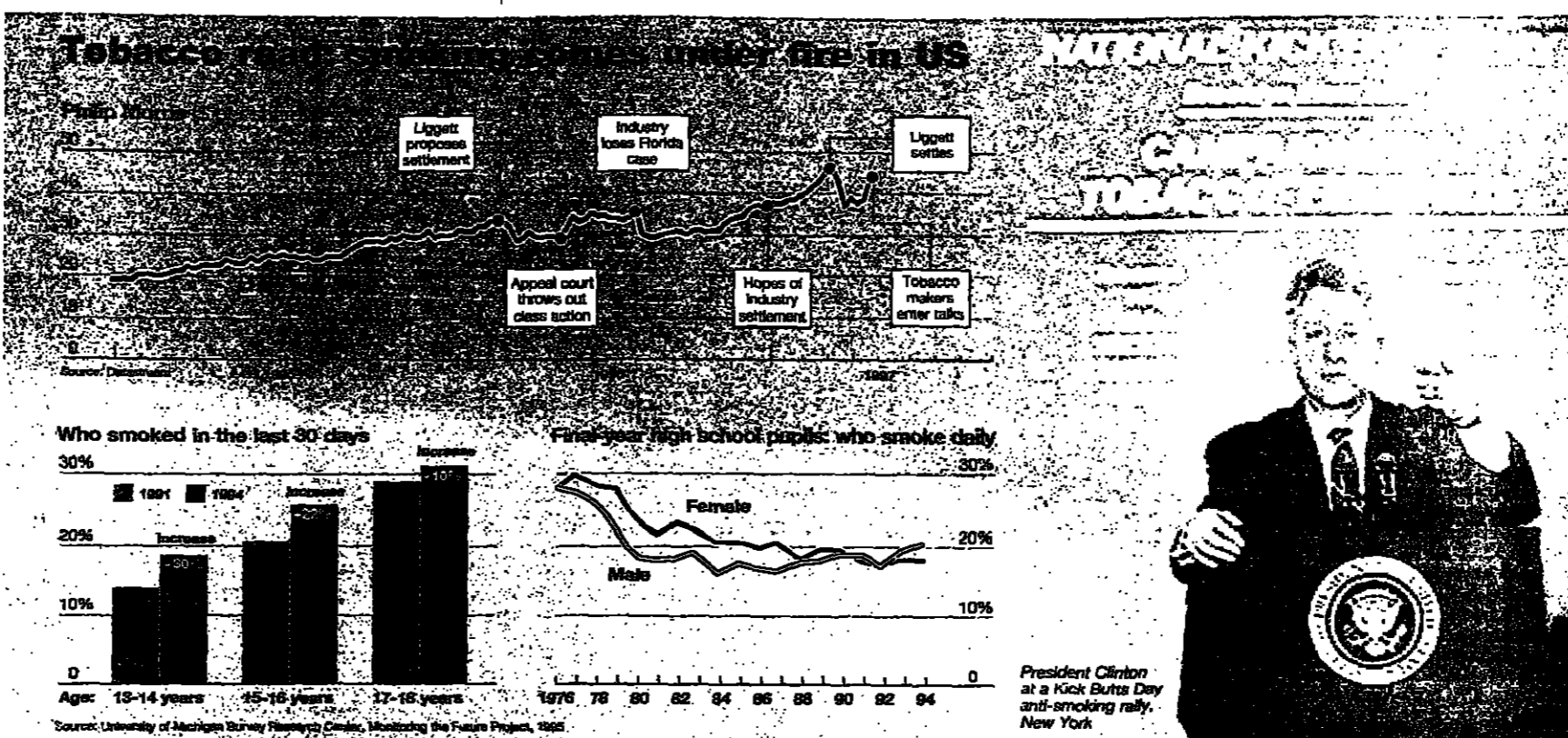
EU social chapter is also unclear. If the social chapter were limited to its present two clauses – on unpaid maternity rights and works councils – it would be no threat to the UK's competitiveness. But if it were extended to include costly regulations of the type seen elsewhere in Europe, the fears of the many British industrialists who oppose it could be justified. However, there is little in the pipeline. Far from exporting their rigidities to the UK, other EU countries seem to want to cut labour costs British-style. But since no one knows what other EU states will eventually do, the social chapter carries some risk.

Good intentions

It is conceivable that Mr Blair's programme could be hijacked by more radical elements in his party following a Labour victory. His good intentions might be swept aside, for example, by union demands for German-style unemployment benefits, large increases in public sector pay or a strengthening of unions' legal rights. However, this seems unlikely. Mr Blair has shown himself an effective and determined leader in the reform of his party, particularly in distancing it from the power of the unions. He says that he wants to be prime minister for more than one term. He would therefore be foolish to risk electoral betrayal on this critical issue.

Moreover, economic realities make a resurgence of trade union militancy improbable. Membership has fallen from 13.3m in 1979 to about 8m. Technological advance has broken up many of the large factories which formed the unions' traditional recruiting grounds. Changing management practices have closed gaps between bosses and workers. Above all, there is a much greater awareness on both sides of industry of the imperatives of international competitiveness.

A Labour government might not do much to improve British industrial relations, but if it stuck to its promises it would do little harm.



Lit up for the future

Richard Tomkins and Bruce Clark on why the tobacco companies are negotiating over health claims – and the obstacles to an agreement

Wait a moment. The US tobacco industry is on the run: besieged by anti-tobacco litigation, it is seriously discussing the idea of paying out the mind-boggling sum of \$300bn over the next 25 years in return for an act of Congress protecting it from future claims. But when news of the clandestine talks breaks, the leading cigarette makers' share prices leap by more than 10 per cent. Has the stock market gone crazy, or what?

The answer, of course, is the latter. The US tobacco industry has a long history of emerging triumphant from deals intended to accelerate its demise. Health warnings on cigarette packs, introduced in the 1960s, proved more effective in giving the industry a defence against lawsuits claiming smoking-related health damage than in reducing cigarette sales. The ban on television advertising, introduced in the 1970s, actually increased cigarette sales because, as part of the deal, the government agreed to drop its anti-smoking public service announcements.

Still, something must have changed, or the tobacco companies would surely have come to the negotiating table sooner. And indeed, it has. If the tobacco industry is not exactly on the run, it is at least wavering in the face of mounting legal, regulatory and political pressures.

To take a few recent developments, President Bill Clinton has given the Food and Drug Administration powers to regulate the industry and its sales practices as part of a crackdown on underage smoking. Some 23 states have filed lawsuits against the industry claiming compensation for the cost of treating smoking-related illnesses. Lawsuits on behalf of individual smokers, and class action lawsuits on behalf of groups, are mounting after a landmark damages award to a Florida smoker last August. And Liggett, the smallest US tobacco company, last month agreed to hand over sensitive internal docu-

ments as part of a deal with anti-tobacco claimants.

One big problem that has long bedevilled the relationship between US tobacco companies and their shareholders is the effect of the litigation threat on tobacco shares. Cigarette companies' shares trade at a big discount to the market average because of the fear that, one day, the litigation discount will burst, and tobacco companies will go to the wall.

Until recently, the tobacco industry had hoped that by pouring its resources into fighting and defeating all the litigation brought against it, it would eventually persuade the stock market that the industry was invincible. Then, the thinking went, the stockmarket discount – and the litigation – would disappear.

But that policy has failed. In the past three years, the legal challenges, far from going away, have mounted – partly because America's ever-inventive trial lawyers have been testing new legal theories on the tobacco industry, such as claiming for the consequences of addiction rather than health damage. Leaked internal documents have also given claimants fresh hope of showing that the industry concealed knowledge about the risks associated with smoking.

With so many legal attacks facing the industry on so many fronts, it is almost certain that some will succeed. So the tobacco companies have been forced into an about-turn – not so much by the litigation itself, the financial consequences of which would probably be containable, but by simple arithmetic.

Mr Gary Black, an analyst at Sanford & C. Bernstein, a Wall Street investment bank, has done the sums. To raise \$300bn over 25 years, the industry would have to find \$12bn a year. It could do so by raising US cigarette prices – currently averaging \$1.80 a pack at retail, including federal and state taxes – by 80 cents a pack.

That would decrease demand by an estimated 11 per cent. But since the US market is only one component of the big tobacco companies' businesses, the

impact on total earnings would be small. Philip Morris's 1996 earnings, Mr Black estimates, would be \$3.30 a share instead of \$3.45, and RJR Nabisco's would be \$3.05 instead of \$3.40.

More important, the effect on earnings would be far outweighed by the effect on the companies' share prices. If the litigation threat were removed, the litigation discount would disappear forever, and prices would increase to reflect the companies' potential for earnings growth.

Mr Black calculates that Philip Morris's shares would rocket from Wednesday night's \$43.30 to about \$60 – another 40 per cent on top of Wednesday's gain. RJR Nabisco's price would rise from Wednesday night's \$33.30 to about \$48, a gain of 43 per cent.

The arithmetic aside, the tobacco companies would clearly not be talking about a deal if it was not in their ultimate interests. And for the people on the other side of the talks – mainly trial lawyers – there is plenty at stake, too.

It is not known at this stage how large a cut of the proceeds they would expect to take, but the Insurance Information Institute, an industry body, says that, on average, plaintiff's lawyers take 16 per cent of every dollar spent on lawsuits. A 10 per cent portion of \$300bn would be \$48bn – a sum which, even if split between 100 law firms, would provide a bonanza of \$480m a firm.

However, there are considerable barriers to a deal. As well as paying \$300bn into a fund to pay for the treatment of smoking-related illnesses, the industry would have to accept regulation by the FDA – a move it is currently fighting in court, with strong hopes of success. There would also be tough new curbs on advertising – particularly to younger people who are showing disturbing signs of an increasing tendency to smoke.

And even if the two sides reach an agreement, they will have to sell it not only to the Clinton

administration but also to Congress.

Getting the administration's agreement may not be the greatest obstacle. The trial lawyers are off to a good start by virtue of the fact that the political action committee of the Association of Trial Lawyers of America was the most generous single business lobby during the 1996 election, giving mainly to the Democrats.

A bigger challenge is likely to be the passage of the legislation that would be needed to limit the industry's liability. Its constitutionality could be challenged before the Supreme Court, and every line would be fought over in committee. Both supporters and opponents of the tobacco industry are powerful, well-organised forces in Congress, cutting across party lines – although the Republicans are generally closer to the tobacco sector.

During last year's presidential election, tobacco companies provided generous help with funding the nominating conventions of both parties. They hosted lavish receptions for delegates from tobacco-growing states and co-sponsored the presidential debates.

And voting records demonstrate how money talks, according to a study by the Center for Responsive Politics, a non-profit group. During a Senate vote on raising tobacco taxes and encouraging tobacco farmers to change crop, the 52 senators who killed the resolution had received eight times more, on average, in campaign funds from the tobacco industry than the 38 who backed the idea.

But lobbyists and legislators who have successfully done battle with the tobacco industry have already served notice they will examine any settlement very suspiciously. There is likely to be trenchant opposition to any deal which restricts the authority of the Food and Drug Administration, and in particular to any provision that prevents nicotine from being treated as a drug.

"I am sceptical of any concessions by the tobacco giants, and we have to make sure we hold

their feet to their fire," says Senator Frank Lautenberg, a New Jersey Democrat who successfully pioneered legislation to restrict smoking in aircraft.

Foes of tobacco are also making the point that the size of the settlement must not be determined until the internal documents that were made available by Liggett have been studied. They will help determine the full extent to which the industry conspired to mislead the public about the real health risks. "The Liggett decision gives us a unique opportunity to find out not only what that company knew, but how they worked with other tobacco companies," says Mr Martin Meehan, a Democratic Congressman. "We can't make an adequate assessment of the liability and culpability of the tobacco industry without that important information."

The American Lung Association, a lobby group which has proved highly effective in forcing the pace on environmental regulation, says it will oppose any settlement that weakens the FDA's authority or prevents the treatment of nicotine as an addictive drug. "Nicotine is the ingredient that makes people hooked on a product that makes them sick and eventually kills them," says Ms Diane Maples of the association.

Ironically, the deal may run into ideological opposition from some of the free-market think-tanks and zealous critics of regulation whose corporate sponsors include the tobacco industry. Mr Sam Kazman, a commentator with the Competitive Enterprise Institute, said the accord would threaten civil liberties by undermining the principle that "responsible adults may knowingly assume risks".

Mr Kazman said further restrictions on advertising would have "very serious consequences" for the first amendment, which guarantees freedom of speech, and pave the way for similar restrictions on other sectors. "I see Joe Camel as much less of a threat to our children's future than the erosion of the first amendment," he says.

OBSERVER

Pressure Cuccia

There's a whiff of panic in the *salotto buono*, the figurative drawing-room in which gather Italy's industrial and financial elite. Even its patriarch, the secretive Enrico Cuccia – honorary chairman of Mediobanca – has broken his customary silence to support Fiat chairman Cesare Romiti, given an 18-month suspended sentence last week for falsifying accounts in connection with illicit fund-raising.

The 90-year-old Cuccia was one of 45 business figures who signed a letter published yesterday on the front page of Italian business daily, *Il Sole 24 Ore*, itself owned by the country's employers confederation. The signatories paid tribute to Romiti's "personal commitment, moral rectitude and orthodoxy"; they also attacked zealous magistrates for undermining Italy's economy.

If nothing else, the affair is shaking Italy's biggest private industrial group at a generational crossroads. Romiti, who took over from Giovanni Agnelli, now Fiat's honorary chairman, is due to retire in June 1998. Agnelli's nephew, Giovanni Alberto, has been groomed for a top job, but he

recently announced that he's being treated for a rare – though curable – stomach tumour.

To make matters worse, the Turin judge who convicted Cuccia has asked the public prosecutor to see if there's a case against the entire Fiat executive board – including Giovanni Agnelli himself. Small wonder nerves are beginning to fray.

Monumental

US diplomats in Cuba would do well to savour their fine view of Havana's elegant – if decaying – seafront. The Cuban authorities are planning to erect a 60-foot concrete and steel monument smack in front of the US interests Section offices.

Cuban officials say the monument, depicting Cuba's resistance to the US economic embargo, has been designed by 89-year-old Brazilian architect Oscar Niemeyer. Funded by supporters of Cuba in Latin America, the \$150,000 revolutionary artwork will show a Cuban national flag bursting out of a ring of concrete.

Still, the diplomats may find the new monument an improvement over the huge, brightly-coloured propaganda billboard that now stands in front of the US mission. It shows a Cuban militiaman thumbing his nose at a caricature of Uncle Sam with the Spanish caption:

"Gentlemen imperialists, we are not in the slightest bit frightened of you."

Battle scarred

Edna Arbel, Israel's respected state attorney, has some experience of working under fire, which may be just as well. Her decision, this weekend, on whether to indict prime minister Benjamin Netanyahu on breach of trust charges, could make or break the government.

In 1971, waiting to be called in a Tel Aviv court, she was listening to the previous case – a trial of a father and son from the Arab town of Talbuh for murder in a local blood feud. A Talbuh resident opened fire killing the father and wounding the son. Arbel was also wounded. "I paid my dues when they shot me in the leg," she says when asked how she responds to threats.

Not so smart

Actors try to avoid appearing with animals or children, who will usually upstage them. Yesterday's premiere in Munich of Smart, the tiny car developed by Mercedes-Benz and Switzerland's SMH watches group – inventor of the Swatch – suggested that motor industry executives should not try to act at all.

While Smarts whizzed merrily round mock-up city streets, and then staged a crash to show their ease of repair, top executives of Micro Compact Car, the joint venture behind the vehicle, fumbled over their elementary lines in scripted dialogue with a professional presenter: upstaged by the product.

The critics' wooden spoon went to Lars Brorson, the MCC president, who failed to keep up without constant reference to cue cards. Top billing went to Jürgen Hubbert, Mercedes-Benz's head of passenger cars. As one hardened observer of European car launches noted, he's hardly a born thespian, but with dozens of roll-outs behind him he has had plenty of opportunity to learn from his mistakes.

Statue of liberties

A Geneva lakeside landmark for two years, a seven-tonne white marble sculpture of a naked couple kissing has been shipped out after a two-year legal battle between the artist and the citizens. Sculptor Vincent Kesselring wanted to give it to the Swiss city, but the Genevois got a court to order its removal. Nothing to do with the saucy subject; matter, they didn't want to become a dump for unwanted works of art.

Financial Times

50 years ago

Pact With Italy
While no chance should be lost of restoring free trading and financial relations with the world, it is ironic that Great Britain should have to compound with an ex-enemy creditor. Yet such is the case with our latest pact with Italy. The manner in which we have provided, or undertaken to provide, Italy with foreign exchange and the way in which we have completely given up our claims for reparations – even in return for the payment by Italy of pre-war debts – prompts the question whether we can really afford to be so philanthropic. Due praise must be accorded to Italy for the manner in which she has set about improving her trading position. The way her nationals have got down to real hard work is a splendid example.

Malaya Tin Industry
Singapore, 17th April. Representatives of the tin mine workers are meeting at Kuala Lumpur on Sunday to discuss new conditions of employment offered to daily paid workers by the Malayan Mining Employers' Association. Under the new terms, every worker will be asked to sign an agreement on engagement.

FINANCIAL TIMES SURVEY

Friday April 18 1997

FOREIGN EXCHANGE

Anyone writing a play about the currencies industry today would call it Death of a Trader, writes Simon Kuper. The year 1996 was perhaps the quietest on the foreign exchange markets since 1973

Dealers on the spot as margins narrow

Last year, currency traders would often go for long lunches and hardly bother to check their miniature price screens between courses. They knew that exchange rates would hardly budge.

It was perhaps the quietest year on the foreign exchange markets since currencies began floating freely in 1973, says Mr Jim O'Neill, chief currency economist at Goldman Sachs in London.

Even with a daily market turnover of \$1,200bn, last year was a desperate time for forex banks. Many saw revenues plummet, and sacked some of the staff hired in the golden years of the early 1990s. Anyone writing a play about the currencies industry today would call it Death of a Trader, for it was among spot dealers that most of the cuts fell. When forex traders are begging on the Strand, the new joke runs, they will not care which currency people throw them. "Six months ago there was a level of despondency", admits Mr Guy Whittaker, head of global forex at Citibank, the industry leader.

Yet the mood has since improved. Mr Klaus Said, global head of forex at JP Morgan, predicts: "The forex market is going to have a decent year in 1997." First-quarter revenues were well up on the year before. This is in part thanks to the dollar - involved in more than four-fifths of all currency trades - which rocketed in January and February. There is more money to be made from betting on exchange rates when prices move sharply.

Last year's sackings helped the industry, too. "Capacity has come out of the market place," Mr Whittaker says. Profit margins for the survivors rose after many banks cut trading desks outside their home country. HSBC Midland, one of the industry's giants, scared the New York market by closing its trading desk there and opening a 24-hour desk in London.

However, most banks are concentrating their dealers in three to four regional hubs. These typically include London - the world's largest market with a 30 per cent share of all forex turnover - as well as New York and two sites in Asia, where Tokyo, Hong Kong and Singapore are fighting for supremacy. "Business is gravitating to where the markets are most liquid," says Mr Whittaker. Trade in Paris, Brussels and Frankfurt will decrease even further if European monetary union starts on time in 1999.

But there is more to this year's buoyant mood than two good months on the spot market (after February, the dollar stopped moving for a while). Spot trading, all in the industry agree, will never provide the profits it once did. "Spot? Forget it!", sums up the head of forex at one bank.

There are various reasons for this. Emu, if it takes place, will knock out several currencies. Already the likes of the D-Mark, the French franc, the Benelux coin and even the Italian lira barely move against one another.

Second, most central banks have ceased targeting unrealistic exchange rates - in the early 1990s, traders made billions betting against currencies such as sterling and the lira. And electronic trading machines have cut margins on trades, by allowing even small banks to find out the best price in the market on any leading exchange rate. Mr Whittaker estimates that the two main electronic brokers, Reuters and EBS, may have as much as 40 per cent of the spot market between them.

Spot trading can now be done as simply and cost efficiently as making a Big Mac, says Mr Michael de Sa, head of forex at Deutsche Morgan Grenfell.

As a result, the average salary for traders at vice-president level is forecast to fall this year by \$20,000 to \$150,000, according to the annual Kling Survey of financial services pay.

But if profits are falling in spot trading, they are growing in other parts of the forex industry. Banks are sacking spot traders in the main currencies, but they are hiring salespeople and traders in exotic currencies. Mr Daniel Almeida, head of global foreign exchange trading at Deutsche Morgan Grenfell, says: "I don't think the industry's going to shrink. It's going to change, dramatically."

The market in exotic currencies should grow as fast as growth in trade and investment in emerging markets. Bank of America says that about a quarter of its forex turnover is already in these markets, up from about 5 per cent five years ago.

No one knows whether exotic markets will expand fast enough to compensate for the expected loss of the Emu currencies. Mr Andy Siciliano, head of foreign exchange at SBC Warburg, claims that emerging markets may be something of an El Dorado for many banks. "Some of these guys are going to get killed," he says. "How much can you make on non-deliverable currencies and the like?" But everyone agrees there is some gold in those hills, particularly for banks which already have offices in the main emerging markets.

The other panacea the industry thinks it has found for the decline in spot trading is to rediscover the customer. Banks are trying to sell more currency derivatives, research and risk management advice to the companies, investment funds and hedge funds with which they deal.

There is room for growth in sales. For instance, only 5

per cent to 7 per cent of the foreign exchange market is in options, a far lower proportion than in the equities market.

Most banks are concentrating their dealers in three to four regional hubs

per cent to 7 per cent of the foreign exchange market is in options, a far lower proportion than in the equities market.

However, the forex sales market may not be growing fast enough to accommodate all the new entrants. "There simply isn't enough room," says Mr Said bluntly. Most in the sector predict that only the big banks will be able to expand in global sales and emerging markets. "One over-arching trend has been that of consolidation of the forex industry in the hands of fewer, more powerful players," says Mr Mike Wallace, senior currency economist at MMS International, in a recent report.

Even the largest banks may find the going tough. Banks have become keener on sales, but customers are little more inclined to spend money than they were before. Mr Rob Loewy, head of foreign exchange at HSBC Midland, says: "The customer behaviour to my mind hasn't changed. I don't think we'll be in a position where we want to recruit 30 new corporate dealers." Sales and emerging markets may well save forex profits at many banks in the years to come. But the number of workers in the industry is likely to shrink further.

The old voice brokers, who shouted out prices, will not be the last foreign exchange workers to lose their jobs to machines. In future an Italian businessman will convert DM1m into lira from his own office, without talking to a bank trader.

Similarly, a US pension fund will convert all its foreign dividends into dollars without help. New technology "had better result in less human intervention," says Ms Christiane Mandell, deputy head of foreign exchange at Bank of America.

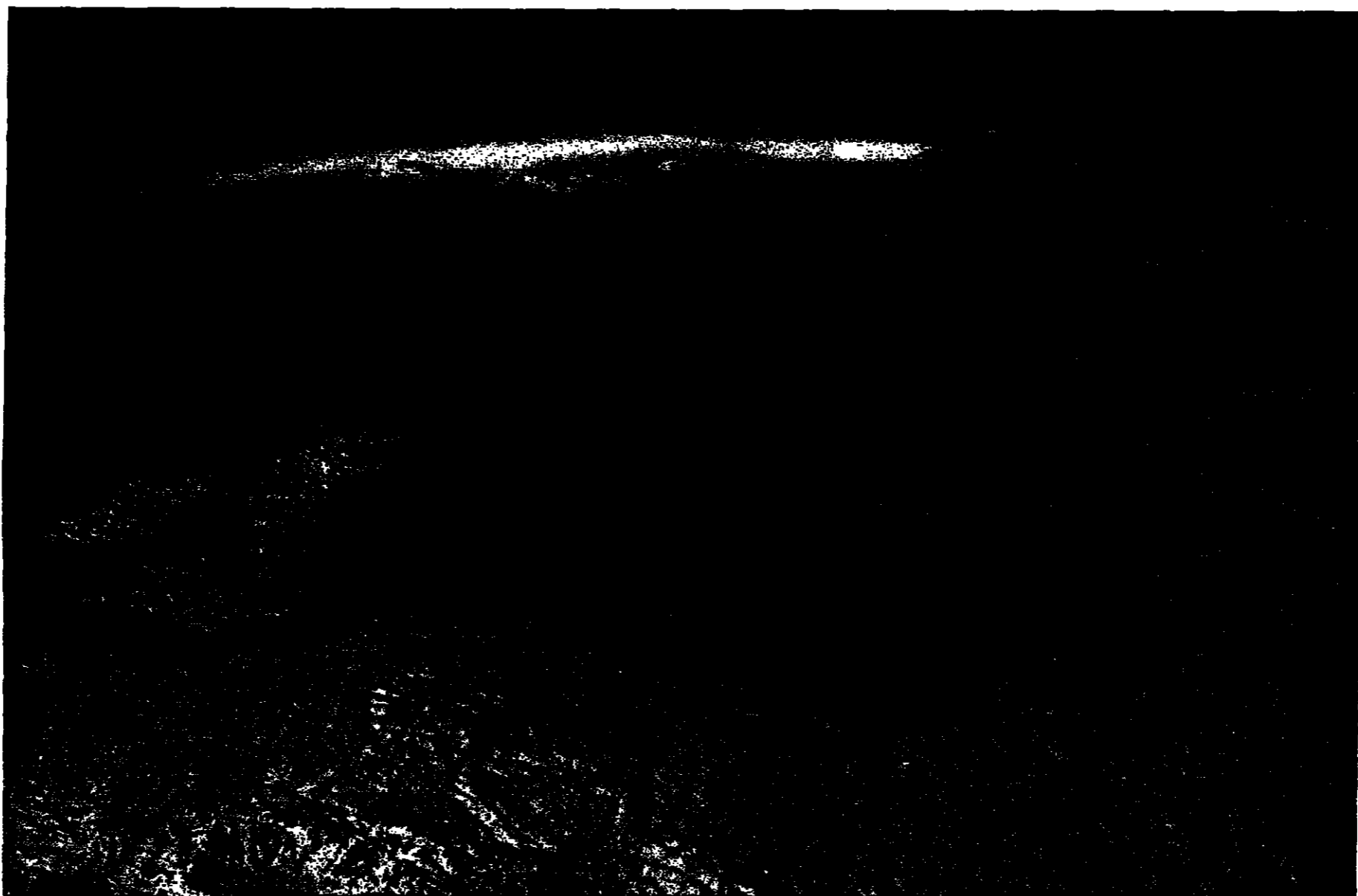
Deutsche Morgan Grenfell, which had about 500 forex staff two years ago, now has about 400, even though in

the meantime it has invested massively in foreign exchange.

Mr De Sa says: "Our business is growing dramatically but our head count will probably still decline a small amount."

The head of forex at another bank forecasts that a further third of workers in the industry will lose their jobs. His own house, he says, is no exception.

"Give me a break!", exclaims Mr Said when asked about the rush into emerging markets. "It is merely another way of holding up the inevitable, which is a pretty substantial consolidation in this industry."



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2 FOREIGN EXCHANGE

ELECTRONIC BROKING • by Richard Adams

Voice-brokers are lapsing into silence

Screen-based dealing has squeezed many trading margins

Could the foreign exchange voice-broker be about to follow the Threadneedle Street banker's bowler hat — once the "uniform" of London City Gents — and stock exchange dealing floors into dodo-like extinction?

That would not have been thought possible just a couple of years ago. The three largest firms, Tullett, Marshall and Harlow, dominated foreign exchange broking in London, which itself accounted for around one-third of spot trading.

The three shared about two-thirds of the London business. But, within the past two years, electronic

screen-based matching systems has eroded the voice-brokers' market share. Now more than half of spot broking in London is conducted by computer, keyboard and mouse, rather than phone and "squawk box".

The proportion of foreign exchange deals done by large banks through electronic systems has grown strongly within the past three years. The use of systems run by Reuters and the EBS Partnership, two leading competitors, has sliced banks' foreign exchange trading margins to water-thin levels.

The growth of screen trading has also come at the expense of the traditional voice-brokers. Large banks have also lost much of the business they used to receive from smaller banks.

The big banks have seen their "metro" (deals less than \$5m) business shrink. Previously, small banks wishing to buy or sell currencies would approach the large banks, who would provide liquidity while taking a small profit. Now they can get access to the most competitive prices simply by having an EBS or Reuters terminal.

Electronic broking systems mean that many prices can be simply accessed from a machine. The Reuters and EBS systems allow trades to be done by automatically matching buy and sell orders.

The non-electronic brokers have tried to stem the tide towards screen-based broking, with varied success. The increased competition has forced them to try to cut

confirmation times for transactions. While electronic systems can confirm within seconds, voice-brokers could take hours.

Can electronic broking completely replace voice brokers? One school of thought holds that "a screen can tell you the price but it can't tell you the market".

Two issues are central for brokers: liquidity and prices. If a broker is a source of liquidity in a particular currency cross-rate, such as dollar/D-Mark, or dollar/yen, then others will want to do business as well. Prices must be ahead of, or in line with, the rest of the market. The larger the share of a cross-currency trade that a broker commands, the more likely that its price will match the market.

Liquidity is the mantra of Mr Peter Bartko, the chairman of The EBS Partnership. "It is the liquidity and depth of liquidity now that draws banks to our service," says Mr Bartko.

The partnership was founded by a co-operative of leading banks in 1990 to combat the threat posed by Reuters, which supplied most of the information used by foreign exchange dealers as well as half of the hardware on which interbank forex deals were done. The final straw was the development of Reuters 2000-2 terminal, giving it the potential to control the execution and pricing of deals.

Launched in September 1993, EBS's growth has been rapid, starting from a 4 per cent share of the London broking market in January

1994. By the start of this year, EBS claimed its share of the total spot broking activity in the London market was 37 per cent.

The partnership says its share of the \$700bn international daily spot market averages about \$70bn. Its clients have grown from 144 institutions in 1993 to 640 this year, while the number of its screens installed has grown from 900 in 1995 to 2,000.

The partnership's earliest successful market was in the D-Mark/French franc rate, where it remains dominant. "The EBS price has become the industry price. To be active you have to know that price, and you also need access to liquidity at that price," Mr Bartko says.

In December 1995, EBS merged its operations with Minex, a Tokyo-based

electronic broker with a strong market share in Asia, to strengthen their position against Reuters. Minex became a partner in EBS, joining the banks that helped set up its.

The synergy between the two groups made EBS "the biggest and the best broker in Asia", says Mr Bartko. Previously, EBS had been the dominant broker in dollar/D-Mark transactions in the Asian market, while Minex was the market leader in dollar/yen exchange in Tokyo. EBS says that in Singapore its system is used for around half of the total spot broking market, and in Tokyo accounts for 50 per cent of dollar/D-Mark and dollar/yen spot broking.

Reuters does not announce figures for its market share, but it has more than 1,000 customers and a more

diverse business than EBS. Over 50 per cent of EBS business is in dollar/D-Mark and dollar/yen, followed by the D-Mark cross rate in Swiss franc, yen and French francs. Reuters, with a presence in D-Mark/ira and dollar/Swiss franc as well as dollar/D-Mark and yen rates.

A similar service, although not directly competing with Reuters and EBS, has been offered since last year by Bloomberg, the financial information service, and banking information technology company Cognotech, aimed at institutional investors such as fund managers.

None of this is good news for the remaining band of voice-brokers, who might be joining London's old stock jobbers and discount houses on the way to extinction.

EMERGING MARKETS • by Simon Kuper

Exotics offer investors heady returns

As countries liberalise their currency regimes currency trading is soaring

"You can tell we're expanding," says an emerging markets trader at one London bank, "because we have more people than desks."

He adds: "You'll know that emerging markets are being taken seriously when we move from the edge of the forex trading floor to the centre."

Trade in emerging market currencies is already soaring as countries liberalise their currency regimes. HSBC Midland estimates that the volume of its exotic currencies turnover has risen 200 per cent in the past three years. That compares with 10 per cent turnover growth in mainstream currencies in that time, says Mr Rob Loewy, the bank's head of foreign exchange.

Deutsche Morgan Grenfell estimates that 25 to 30 per cent of its worldwide foreign exchange revenue already comes from exotic currencies. Mr Albert Maasland, the bank's head of forex sales, says: "In three out of four meetings I have with pension funds, investors and central banks, the topic turns to emerging markets."

Emerging currencies are growing partly because more companies are trading and investing in them. However, the main lure of these cur-



Wrocław, Poland (above left): when the South African rand hit trouble last year, Polish bonds fell, too. Standard Bank, Cape Town (above right): interest rates in South Africa are 17 per cent

rencies lies elsewhere. "This whole business is yield-driven," says Mr Christopher Abbott, head of the exotic currencies group at Bank of America in London.

The exotics offer investors heady returns. Interest rates in South Africa are 17 per cent, and in Ukraine more than 30 per cent. With Japanese rates starting at 0.5 per cent, and US rates at 5.25 per

cent after last month's increase, investors have to go far for yield.

All but the riskiest exotic currencies — the Albanian lek and the Zairean zaïre spring to mind — are attracting money. Mr Guy Whittaker, global head of forex at Citibank, recently even noted that Lebanon had received an official rating from credit agencies.

Banks are hiring emerging markets traders, or setting former D-Mark/French franc dealers to work on the Polish zloty or the South African rand. However, volumes in many exotic currencies are relatively thin. This allows the banks that do operate in these markets to charge high margins on trades. "You can make good money there, which you can barely do on G7 currencies," says one bank's head of forex.

Mr Maasland believes that the cost of entry will keep the numbers of banks down



Standard Bank, Cape Town (above right): interest rates in South Africa are 17 per cent

in emerging markets currencies. To make a profit trading one of these currencies, he says, a bank has to have people on the ground. One reason is that for most exotic currencies there are effectively two markets: the local operators, and the foreign investors. The two sets listen to different trumpets, and it is crucial to know what they are hearing. A bank that trades the Indonesian rupiah out of Singapore is therefore likely to lose money, Mr Maasland argues.

Furthermore, banks have to offer customers more than just a spot trading service. Settlement can be a complex job in many emerging markets, and there is great need for risk management. Mr Jim O'Neill, chief currency economist at Goldman Sachs, points out that many US corporates have their greatest currency risk in emerging markets.

For if the returns are higher in exotic currencies,

so are the risks. The few veterans on emerging markets currencies desks still winced when they recall the Mexican peso crisis of December 1994. Currencies as far away as the Hong Kong dollar and the Russian rouble suffered in its wake.

Many forex analysts say that such knee-jerk selling would be less likely now, because investors have learned more about emerging markets. They point out that when the Thai baht was hit early this year, the shock waves were modest and reached little further than the Indonesian rupiah.

Mr Alan Douglas, of the emerging markets currency group at HSBC, is more cautious. He points out that when the rand hit trouble last year, Polish bonds fell too. The reason was that some banks, discovering that their emerging markets desks had lost money in one country, ordered them to close other positions. The

desks sold their Polish T-bills. Similarly, when the rouble dived over last year's Russian presidential elections, it dragged down many other currencies. A crash in western stock markets is another event that could lead to an exodus of cash from exotic markets.

Yet, banks think that most of the growth in emerging markets currencies is still to come. Mr Whittaker points out that less than 2 per cent of US pension fund assets are invested in emerging markets. That leaves room for growth.

Exotic currencies have risen in waves. South-east Asian currencies, such as the baht and the Singapore dollar, were the first to develop and are now considered fairly mature. With so much money having moved into these currencies, yields have fallen.

A second wave featured the Czech krone and the South African rand. HSBC's average daily turnover in the fully convertible krone has doubled in the past two years. Some say the currency is as liquid as the Italian lira — just a few years since the time when most krone trading took place on Prague streets.

But banks say the wait is for the Big Three: the Indian rupee, the Chinese yuan, and the Russian rouble. "Those three cover about half the world's population," points out Mr Douglas. The problem is that the Big Three are not expected to become fully convertible for years.

All banks agree that emerging market currencies will grow, and that soon many will cease to be exotic. The question is how fast the growth will be. Many heads of forex warn that there may not be room for everyone. Mr Klaus Said, global head of forex at JP Morgan, says: "All the guys who are piling into the Czech krone — good luck to them!"

As some banks spend stacks of money opening dealing rooms everywhere from Hanoi to Bratislava, there could be disappointments in store.

PROFILE Guy Whittaker



Guy Whittaker: 'the industry is not shrinking. It is changing'

King of the currencies market

Mr Whittaker believes the large global banks will continue to prosper

In each of the 17 years that Guy Whittaker has worked at Citibank, the bank has taken the largest single share of the foreign exchange market.

Last April he became Citi's global head of forex, arguably the biggest job in the industry. But as the bank enters its 100th year in currencies, conditions are getting tougher.

Rapid growth in the London forex market was only beginning when Mr Whittaker joined Citibank in 1980, after studying at Cambridge University and West Georgia College in the US. Margaret Thatcher, then the UK prime minister, had recently lifted the country's capital controls. This helped London grow into the largest currencies market in the world, with a 30 per cent slice of global turnover.

But now the period of rapid growth seems to be ending. Last year, Mr Whittaker's first in charge at Citi, the bank's foreign exchange revenues fell 17 per cent to \$920m. Citibank suffered, like its rivals, from lower volatility in the market and from the rise of electronic broking systems.

Mr Whittaker is far from being in a state of panic. He argues that the forex industry is not shrinking but changing. He has cut back with the one hand, but expanded with the other.

Citibank is lucky, he says. It was never the market leader in spot trading, the part of the industry where margins have suffered most. The bank has reacted fast by winding down several of its spot trading centres. "In Europe now we only really have a London dealing room," says Mr Whittaker.

Frankfurt, Brussels and the like are dying as forex centres, partly because European economic and monetary union may wipe out their domestic currencies. Mr Whittaker is none too gloomy about Emu. He produces a chart showing that 80 per cent of foreign exchange business in European will survive even if monetary union

starts on time next year. Some markets will suffer badly, he agrees. "If you are in Ireland, 44 per cent of your trade could disappear." Also, for continental European banks with a domestic currency that vanishes, "it is very difficult. Your forex business becomes cash management."

Mr Whittaker, like most forex executives at large banks, believes it is the large global banks that will continue to prosper. "There are probably only 10 or 12 major participants these days," he says.

Most are trying to expand the sales side of their business — selling their clients options and other devices for managing currency risk. Citibank, says Mr Whittaker, has been doing that for years. Heads of forex at other banks often hire former Citibank staff to drive their sales expansions, and speak of Citi as a model, although they expect to cut some of its lead in the years to come.

The large banks, says Mr Whittaker, are also the ones best placed to profit from the rapid growth in emerging markets. He remembers a time when Italy and Spain were seen as exotic markets. Now Citibank has more than 80 treasury centres trading about 100 currencies, from the dollar to the Vietnamese dong. In Asia alone, the bank serves 15,000 customers.

But Citi is keen to expand even further in the newer markets. With inflation low in the US and Europe, and economic growth slow in Europe, "we clearly have to seek opportunities to grow in markets that are also growing," Mr Whittaker says. He adds a caveat: emerging markets may initially be too small to compensate banks for business lost to Emu. "I don't think it's a one-for-one substitution," he says.

Whatever happens, he believes the foreign exchange business is anything but dying. The worst is probably over, he says. "Most of the changes have already happened. The industry has been consolidating for the past five years at least."

Simon Kuper

DOLLAR • by Gerard Baker

Soaring \$ product of strong economy

Few in the administration believe the dollar is now seriously overvalued

Underpinned by an impressive economic performance unmatched elsewhere among the Group of Seven countries, the US dollar has been back in vogue recently.

The trade-weighted exchange rate of the US currency has risen by more than 7 per cent since the beginning of 1996. Against the currencies of the other two leading economic powers the rise has been even stronger.

The dollar is more than 50 per cent up against the Japanese yen from its low point of two years ago, and has risen by more than 20 per cent against the German mark over the same period.

The US authorities have until now seemed largely unfazed by the dollar's sharp rise. They regard the process as in part a necessary correction from the extreme undervaluation of the dollar that occurred in 1994-5. But they also see it as largely an inevitable product of the strength of the US and the

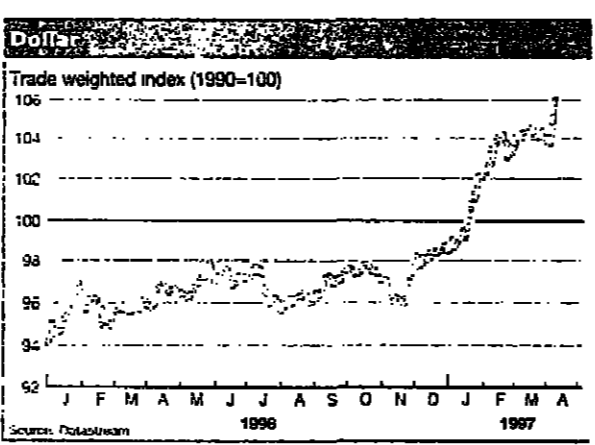
extreme weakness of the economies of the other leading countries.

But they know, too, that at some point, if the US currency does not rise, sooner or later they would come under pressure to take action, verbal or monetary, to stop it.

In February, Mr Robert Rubin, the US Treasury secretary, who has been the most forceful proponent of a strong dollar, appeared to signal the first hint that perhaps the administration might favour a pause in the dollar's ascent.

Shortly before the meeting of G7 finance ministers in Berlin, Mr Rubin subtly altered his standard verbal formulation of US dollar policy. While sticking by his long-practised form of words — "We believe a strong dollar is in our nation's interests" — he added, for the first time, "and we have had a strong dollar for quite some time now".

His remarks were immediately interpreted by currency traders as a shift in US dollar policy. To those who spend their time interpreting such Delphic utterances, he appeared to be saying the dollar's rise had gone far enough. As a result, the



Source: Reuters

dollar fell back from its earlier highs.

But within a few weeks, dealers were buying up dollars again. There has been little evidence to suggest the administration is in fact anxious to halt the dollar's rise. Mr Rubin pointed out subsequently that his statement — which continues to be official dollar policy — was merely intended to remove any confusion there might have been about whether the administration wanted an even higher dollar.

Furthermore, the Treasury secretary continues to make the point that what will ultimately drive the dollar will

be not what they say, but the so-called "economic fundamentals". And they still seem to point to a stronger US economy.

It is true that, at around \$100bn in the past two years, the US current account deficit appears to be signalling that the dollar has risen too far. According to Mr Fred Bergsten, director of the Institute for International Economics in Washington, every 1 per cent increase in the trade-weighted value of the dollar adds about \$10bn to the US trade deficit in about two years' time. That would suggest, other things being equal, that the dollar's

rise in the past year alone could add as much as \$70bn to the deficit in 1997. This clearly appears to argue for a halt, and indeed, long-term may even suggest the dollar should fall back.

"From the foreign trade angle, it is clear that the dollar is getting into overvalued territory, and needs to be halted," says Mr Bergsten.

But while the size of current account deficits may indeed drive currency levels in the very long run the most important economic fundamental continues to push the dollar higher.

The principal force behind the currency's rise in the past year has, of course, not been the deficit, but the underlying economic performance of the US relative to other countries. Economic growth has averaged more than 3.5 per cent in the US since the first quarter of last year, compared with a stagnant Japan and sluggish growth in continental Europe.

This has important implications for exchange rates. US assets have increased in attractiveness as a result of the economic growth: the surging stock market in particular has proved a powerful lure to foreign investors,

who have bid up the dollar as a result.

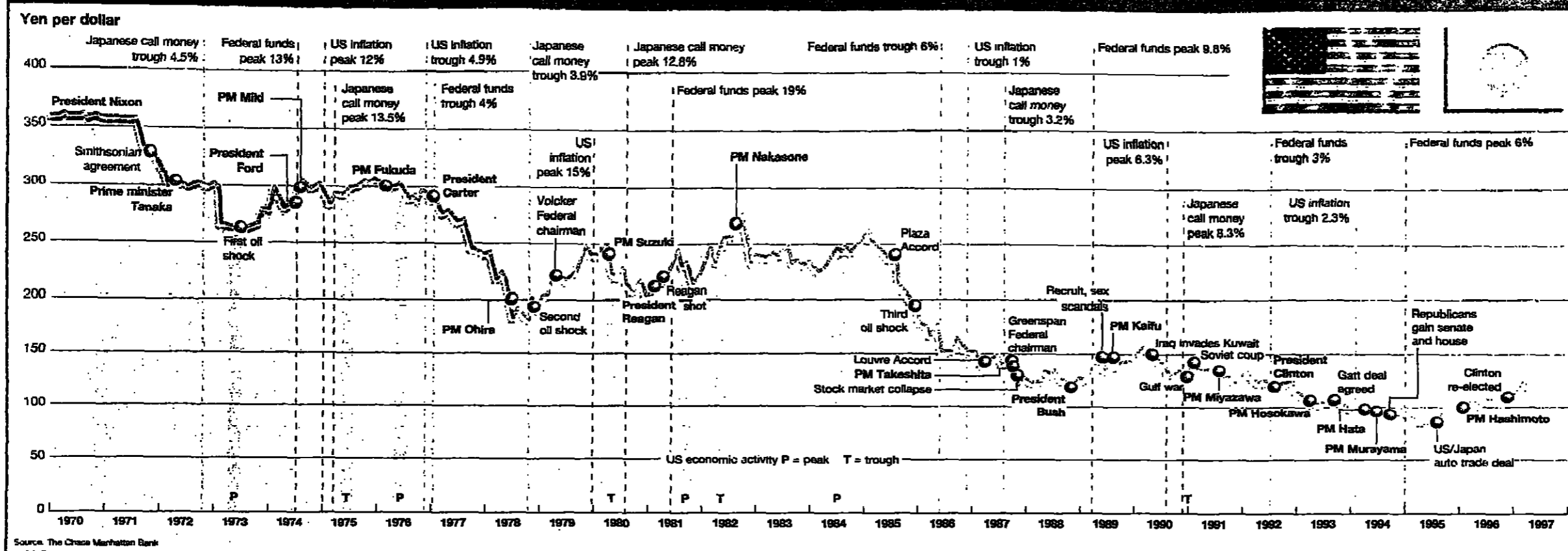
And, more importantly, the strength of the economy has led many investors to anticipate a further appreciation of the currency. Strong growth in the US has already forced the Federal Reserve to raise short-term interest rates last month. Further increases are expected over the spring and summer. Though that prospect is damaging the attractiveness of the stock market, it will enhance the overall appeal of holding US dollars in the short term.

The US authorities remain watchful of the dollar's progress, but they seem to share the view that the markets will, for the time being, be driven more by the relative economic outlook in the US and in other countries.

Few in the administration believe the currency is now seriously overvalued. The situation is not analogous to that in the mid-1980s when it was clear the dollar had risen too far. In comparison with that period, the dollar's recent strength has been very mild. The US currency will probably have to rise significantly further before it really starts to alarm Mr Rubin and his colleagues.

FOREIGN EXCHANGE 3

History of the dollar against the yen



STERLING • by Simon Kuper

Rising £ watched by bemused traders

Some analysts think the pound's best days are over and that it will soon start to decline

"Sterling falls" has been a market maxim for at least two decades. Therefore seasoned foreign exchange traders have been bemused for the past eight months as the currency has soared.

The pound has gained 18 per cent against a trade-weighted basket of currencies since early August. It now stands at its strongest level since Black Wednesday, the day in September 1992 that it fell out of the European exchange rate mechanism. In recent months it has moved much

more day to day than any other leading currency. Sterling helped rescue forex profits for 1996 at many banks in what was otherwise a very quiet trading year.

But the pound has risen only modestly since Christmas, and most traders in the market now think that its best days are over. The question currency strategists are asking is when its decline will start.

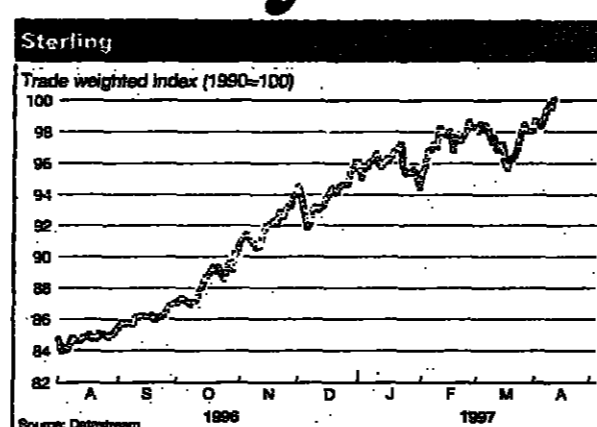
That is even though the main support for the pound's rise - high UK yields - remains in place. Base rates of 6 per cent exceed interest rates in any other leading economy. Japanese investors, contemplating domestic rates of 0.5 per cent, have been particularly keen buyers of sterling.

Added to that, UK rates

are forecast to rise soon. If Labour wins the general election on May 1, the party is expected to raise rates almost instantly by about 50 basis points. The money markets are pricing in base rates of about 7 per cent by the autumn. Yields on 10-year gilts are fractionally higher than those on Italian bonds - a rare event.

Nor should politics threaten the pound. Sterling has held fairly steady in the traditionally wobbly pre-election period. Mr Jeremy Hawkins, chief economist at the Bank of America in London, says: "As long as we don't get a hung parliament, the markets are not concerned about the election and are prepared for a Labour government."

The ruling Conservatives



have ignored pleas from exporters to weaken sterling. Mr Gordon Brown, Labour's prospective chancellor, would be expected to follow suit. He has said he would stick to the present govern-

ment's inflation target of 2.5 per cent. That means he would find it hard to use interest rates to target the pound as well. "How many targets can you have?", as Mr Hawkins asks.

Mr Brown gives nothing away, saying: "We want a strong pound and a competitive pound." Most economists think you can have a strong pound or a competitive pound, but not both at the same time.

The threats to sterling are more fundamental. "No two ways about it," says James Barry, chief UK economist at Deutsche Morgan Grenfell, "the currency is overvalued at present levels." This spring's results season is showing how badly UK companies, from British Steel to Fortnum & Mason, are suffering from the strong pound. Two-fifths of UK profits come from abroad. Mr Patrick Minford, one of the Treasury's "wise men", estimates that every 1 percentage point gain in the pound

knocks 1 percentage point off corporate profits. With exporters struggling, this year's economic growth will suffer and the UK's current account is expected to move into deficit soon.

The dollar could help depress sterling. The US currency is likely to fall if the Japanese and German economies pick up this year, and the pound tends to travel with the dollar.

Most currency strategists expect the pound's decline to start in the next few months. Goldman Sachs says relative productivity levels and producer prices suggest sterling should be valued at about DM2.47 against the German currency by the end of 1997. However, Goldman says that when one takes into account the UK's high

yields, the pound's correct value looks better. On that basis, sterling should still be at about DM2.82 by the year end, the bank says. This week the currency is trading at about DM2.82.

Sterling may also become a safe haven from the doubts over economic and monetary union. If a new UK government signalled that it planned to join Emu either in the first or second round, the pound could react sharply. But whether it would rise or fall is uncertain.

No forex strategist expects sterling to drop as low as the dog-house levels of two years ago. Mr Avinash Persaud, currency strategist at JP Morgan, says the pound will only fall as far as DM2.55 or so.

EMU • by Wolfgang Münchau

Uncertainty upsets Centralisation lessens the risk the markets

Speculation about the starting date and participating countries has caused volatility

The argument over European economic and monetary union (Emu) has been one of the biggest causes of volatility in international foreign exchange markets so far this year.

The markets were preoccupied with two related problems: uncertainty about the proposed starting date of January 1, 1999 and uncertainty about which countries would be participating. Speculation about these questions has important consequences for exchange rates, interest rates and the price of bonds.

An unexpected rise in German unemployment to 4.7m in January and worries about economic growth triggered a wave of speculation that Germany might fail a key Maastricht criterion - the requirement to keep the 1997 budget deficit below 3 per cent of gross domestic product.

Whenever the markets bet on a delay in Emu, the D-Mark tends to be pushed higher because a postponement would prolong the time period during which the German currency acts as a strong safe-haven currency.

Since January, market expectations have changed. The German economy now looks a little stronger and it also appears that the German government may be leaning towards a more flexible interpretation of the Maastricht qualifying criteria. A recent comment by Mr Theo Waigel, the German finance minister, that "I have never nailed myself to the cross of 3 per cent" stood in marked contrast to his earlier insistence that "three means three".

The second cause of uncertainty relates to the membership base for Emu. There is some uncertainty about Portugal's ability to meet the Maastricht criteria. There is greater uncertainty about Spain meeting the criteria and even greater uncertainty about Italy's position. This was the main reason behind the strong gyrations recently

of the Italian lira from its central parity of 1936 against the D-Mark in the exchange-rate mechanism.

European Union heads of state and government will take a formal decision on the Emu participants in late April or early May, 1998. But the participants will already emerge unofficially in the autumn of this year, when most countries will have a reasonably accurate forecast of their 1997 economic performance.

After this, the present uncertainties could give way to new uncertainties. The markets may then focus on the process of exchange rate conversion. These are the rules:

■ The Ecu, the existing basket of all EU currencies, is to be replaced by the euro on January 1, 1999.

■ The Ecu will convert to the euro at a rate of one-to-one - a rule agreed at the Madrid EU summit in December 1995.

■ The Maastricht Treaty specifies that the rates at which the participating currencies convert to the euro must be fixed at the start of Emu, and not before.

■ The treaty also says that conversion "shall by itself not modify the external value of the Ecu" - its rate against other currencies, for example the dollar. This implies the need for conversion rates on January 1, 1999 not to differ substantially from prevailing market rates on December 31, 1998.

Economists have pointed out that the combination of these criteria is theoretically inconsistent: it is impossible for EU leaders to determine a conversion rate if that conversion rate is totally dependent on the rate of the Ecu. This is because the external value of the Ecu is not wholly dependent on the currencies of participating countries but is determined also by the currencies of countries outside Emu.

It will be impossible for EU leaders to determine the conversion rates independently, since they have no influence over the exchange rates of non-participating EU currencies.

This apparent logical flaw in the Maastricht Treaty is sometimes referred to as an "over-specification" problem.

meaning that the EU has established so many rules that it is trapped in a strait-jacket. In foreign exchange markets, this straitjacket carries the potential for profitable one-way bets.

The Treaty stipulates that the market rates of national currencies on December 31, 1998 must be the same as the conversion rates on the following day - assuming that Emu starts on time on January 1, 1999. If the two rates differ this could have profound effects on a nation's wealth and its competitiveness against other Emu participants.

Some economists say the bilateral conversion rates should be announced beforehand and that the foreign exchange market should be left to steer towards these rates, perhaps with the help of central bank intervention at the end of the transition period.

Others favour the re-introduction of a narrow-band exchange-rate mechanism, which would allow only small fluctuations from a central parity. Both approaches are designed to ensure that market rates as of December 31, 1998 are approximately the same as the conversion rates the next day.

But these possible solutions also carry risks. If markets consider rates to be lacking in credibility, they may choose to test the system just as they did in 1992, when the pound was ejected from the ERM, or a year later when intense pressure forced EU finance ministers to abandon the narrow-band ERM and switch towards margins of 15 per cent either side of a central parity.

One economically feasible way to reduce the risk is to limit the number of participants. There would be much less risk of currency market turbulence if Emu were restricted to Germany, France, Benelux and Austria, countries that have enjoyed strong exchange rate stability over the past 10 years.

But this may not be politically feasible. The greater the number of participants, the greater will be the opportunity for speculation, and the greater will be the risk of severe turbulence.

The treasury acts as an in-house bank, and has an annual turnover of \$6bn

Divisional and subsidiary company heads at Tate & Lyle, the UK foods group, do not lie awake at night worrying about foreign exchange exposure.

Instead, the group's centralised treasury structure allows them to pass on all foreign exchange and interest rate transactions to its head office in London. The various subsidiaries and divisions deal with the head office, which then makes the decisions on when to hedge and with whom to do so. The central treasury group adds value by freeing the subsidiaries from hedging concerns thus allowing the divisions to concentrate on core businesses, says Mr David Creed, Tate & Lyle's group treasurer.

The system was set up in the 1970s when the company started to trade in sugar futures in New York and Paris. It obtained permission from the Bank of England to trade currencies with commercial banks.

The central treasury acts as an in-house bank, and has an annual turnover of \$6bn, handling around 100 external and internal transactions a day. Apart from hedging for the entire group, it aims to earn £1m a year to cover its own overhead costs.

Having given divisional and subsidiary company managers decision-making powers Tate & Lyle found it difficult to persuade these same individuals to concentrate their positions with the central treasury.

In the initial stages, some senior managers were reluctant to relinquish their responsibilities to a third party within the organisation, says Mr Creed. Dealing with bankers "is a sexy part of managing a business", he says.

While the group's policy is to hedge immediately all positions created as a result of the activities of its core businesses, the treasury also looks for profit opportunities through speculation in the foreign exchange and money markets.

This strategy initially provoked criticism that the company was taking undue risk. However, Mr Creed

points out that the result is exactly the same as a treasury which only chose to hedge part of its foreign exchange exposure created by its core business.

Foreign exchange exposure due to an unhedged business position is much more risky because of an "easier psychology" than a speculative position created consciously, says Mr Creed. This is because the recognition of risk in a speculative position gives the treasury far better control of the exposure, he says. As long as there are the proper checks and balances, "there is much more intellectual honesty and logical consistency" in a speculative position, Mr Creed adds.

And although many UK-based companies have been caught out by the sharp rise in sterling since last year, this would "never happen since we immediately hedge our (business) positions 100 per cent", he says.

Multinational companies should be aware of three categories of foreign exchange exposure, points out Mr Creed. These are:

■ Transactional exposure, which occurs when transferring overseas funds back into an operation's base currency.

■ Translational exposure, when trying to balance the organisation's mix of currencies in a portfolio; and

■ Economic exposure, which arises when making decisions on how far forward and how much a treasurer would hedge a foreign exchange position arising from a certain business.

When considering transactional exposure, a treasurer needs to balance the changes made in overseas assets and the effects on the group's profit and loss statements. Managing translational exposure means a treasurer needs to consider the interest rate cost of a currency as well as the direction of the currency itself.

What really adds value to a company is the handling of economic exposure, says Mr Creed. Apart from movements in a currency, a company needs to consider behaviour of competitors when working out the amount it needs to hedge and by how far forward this position will be hedged.

For instance, in the 1980s Jaguar, the carmaker, hedged its potential US dollar proceeds and set its US

car prices at a level competitive to those of its US counterparts.

However, Jaguar had not considered competition from Germany. When the Germans started to sell their cars at a lower price mainly due to the rise in the US dollar, Jaguar found that it was locked into its price levels due to the foreign exchange hedge.

Aside from competition, a company also needs to con-

sider other factors including the reaction of its management, policy objectives and the performance of the operations.

On the use of derivatives as hedging tools, Mr Creed says the key is simplicity. Tate & Lyle only uses forwards, interest rate swaps and options, and shuns the use of "geared" or exotic options. Every instrument is a composite of simple building blocks and a good

treasurer should be able to use the building blocks when necessary, he says.

It is essential that a treasurer avoids the use of instruments that cannot be explained in simple terms to the company board, he adds.

It is important to remember that board members usually have short memories," he says.

Emiko Terazono

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4 FOREIGN EXCHANGE

YEN • by Michio Nakamoto

Weak yen a windfall for the economy

The relationship with the dollar has had an impact on corporate behaviour

In 1995, when the Japanese yen seemed to be rising relentlessly against the US dollar, Sega, the Japanese video games company, procured most of its games machines from overseas.

That year as the surging yen battered the international cost-competitiveness of Japan's leading carmakers and ate into their profits, they unveiled plans to increase production overseas substantially. Vehicle exports fell 15 per cent as Japanese cars became relatively expensive in overseas markets, and imports to Japan, led by cars made at Japanese plants in the US, rose 31 per cent to a record.

Honda, historically the most internationally-minded

of Japanese carmakers, replaced exports of its popular Accord and Civic models to the US with locally manufactured vehicles.

An equally spectacular weakening of the yen has created very different circumstances in recent months.

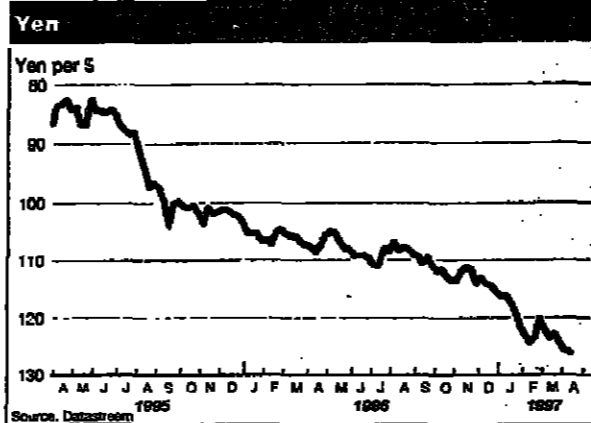
Less than two years since the yen surged to a peak of ¥79 to the dollar and sent tremors through the country, Japanese vehicle exports have surged, with exports to the US rising 23 per cent in the last four months of last year. Exports to the US in January were 75 per cent higher than in January last year. Imports from Japanese plants have nearly halved from about 6,500 a month last year to 3,400. Honda, meanwhile, has had to resume exports of the Civic to meet strong demand in the US and the weak yen led Sega to procure nearly all its games machines from domestic suppliers last year.

The turbulence that has characterised the yen-dollar exchange rate in the 1990s has had a big impact on Japanese corporate behaviour and on the structure of the economy.

The rapid strengthening of the yen in the first few years of the decade helped to accelerate the globalisation of Japanese industry and to restructure the economy by inducing a sense of emergency and an awareness that the country's emphasis on export-led growth must change. Deregulation became the rallying call of politicians and a growing group of bureaucrats and businessmen who recognised the importance of stimulating the economy.

Now the yen is 23 per cent below its 1995 closing average. The trade surplus rose last month for the first time in 27 months.

As the yen has weakened rapidly, there has been a growing concern that this



weakness might slow the process of change.

Recent yen weakness was in part caused by official intervention, backed by an international consensus that the Japanese economy needed a weaker currency to achieve a self-sustaining recovery. The faltering recovery of the Japanese economy and the huge interest rate gap between the US

and Japan encouraged private capital outflows which spurred the yen's decline.

In spite of concerns that the reversed trend will lead to a strong rise in exports and once again fuel friction with trading partners, there is general agreement that the weaker yen has been a windfall for the economy.

Exports - which have been rising substantially as

a result of the greater cost competitiveness of Japanese products on a weaker yen - are expected to make a firm positive contribution to growth this year, after having been a drag on growth last year.

"We are expecting to see a fairly sharp turnaround in the contribution to growth of net exports," says Mr Peter Morgan, economist at HSBC James Capel in Tokyo. He expects exports to contribute 0.7 percentage points - or one-third of the 2.3 per cent growth he believes Japan will achieve this year.

But any further weakening of the yen is unlikely to be beneficial, says Mr Robert Feldman, managing director at Salomon Brothers in Tokyo. A weaker yen was needed to help the Japanese economic recovery, but if it weakened further it could take the momentum out of moves to deregulate the economy. "What the economy needs is deregulation,

and if the yen weakens further there will be less political incentive to deregulate. In the long term, a weaker yen is not in Japan's interests," Mr Feldman says.

As long as the gap between US and Japanese interest rates remains, there is likely to be a further weakening of the yen as more private capital outflows from Japan are encouraged. The trend could accelerate, particularly after the start of the new fiscal year this month, he adds.

The yen is not expected to weaken sharply in the months ahead. For one thing, Japan's current account is rising. In January the current account surplus showed its first month-on-month increase in 17 months.

Neither is the interest rate gap likely to continue for much longer. Analysts say that later this year the markets will begin to take into consideration the possibility

that the Bank of Japan will raise interest rates in line with the stronger economic recovery - while the US authorities are not likely to need to tighten their interest rates to keep the US economy going.

Past trends suggest that - for reasons which are not altogether clear - an increase in foreign direct portfolio investments by Japanese is matched by a decrease in non-portfolio financial investments, so the yen is not likely to be put under pressure as a result, Mr Feldman points out.

And the Japanese authorities have indicated that they would like to see the yen stabilise.

Mr Feldman says they have the means to impose this desire. The country has \$218bn in official foreign reserves, accumulated when the Bank of Japan conducted massive market intervention to stem the yen's rise several years ago.

CURRENCY RISK • by Simon Kuper

To hedge or not to hedge

There is a range of futures, swaps and currency options from which to choose

A company can expend blood, sweat and tears on achieving a 15 per cent rise in exports. But when it converts its foreign income into its home currency, it may be in for a nasty shock. If its domestic currency has risen by 15 per cent, all the extra profits will be wiped out.

The phenomenon is called currency risk. Corporate treasurers, the people who manage this risk for their companies, have a much more complicated life now than they did a decade ago, says Mr John Parry, director of Roston Parry, a consultancy specialising in financial markets and derivatives.

Ten years ago there was little more a treasurer could do to hedge risk than buy a currency forward - that is, to set a price today for which he agreed to buy the currency at a certain time in the future. Now there is a range of futures, swaps and currency options from which to choose.

Perhaps the form of hedging that is growing fastest is the currency option. It gives

a company the right to buy or sell a currency at a set price at a certain time in the future - for instance, the right to buy sterling at DM2.70 in 12 months. If sterling stays above that level, the user will exercise the option. This can be expensive: a "plain vanilla" option can cost 4 per cent of the amount of pounds the user needs to buy.

But before treasurers even look into ways of hedging risk, they are faced with a big question: should they bother? Some companies never hedge, choosing instead to live with currency risk. They argue that while exchange rates sometimes move against them, they sometimes change in their favour. For instance, if the pound falls, a UK company will see the value of its foreign earnings rise when it converts them into sterling. To have hedged would have meant to lose these windfall gains.

UK and US companies would have mostly gained from leaving their currency exposure unhedged in recent years, as the pound and dollar have tended to fall. But there was a turnaround in recent months, when the pound's surge hit UK exporters. According to foreign exchange advisers, most

have never hedged. Profits have been sliced at many companies.

Critics of hedging currency risk often cite companies which have come a cropper from dabbling in derivatives. Allied Lyons, the UK foods company, lost £150m after currency options positions went wrong in 1991. Orange County in California, the Belgian government, and the unlucky Nick Leeson of Barings Bank are no advertisements for buying derivatives either. "Mention the word 'derivatives' around a board table and everybody freezes," says Mr Jeremy Wagener, director-general of the UK's Association of Corporate Treasurers.

The Allied Lyons affair has made UK companies more wary of derivatives than their rivals are in France, the US and Scandinavia, according to bankers. Even a company as large as British Steel proclaims proudly that it never uses currency options. "We don't go in for anything fancy," it says. "We only buy straightforward forwards."

Companies outside the UK often regard their currency management side as a profit centre, says Ms Lisa Danino, a saleswoman at Bank of America. She adds: "In sophistication, the UK corpo-

rates are quite a way behind."

Small businesses tend to be those most frightened of hedging. "They often have no treasurer and no thoughts on the subject at all," says Mr Wagener. Mr Michele di Stefano, head of forex sales at BZW, says: "In most cases, treasury operations are understaffed. Even treasurers who themselves understand complex hedging products have to be able to explain them to their directors, often a tricky task."

Nor can customers always trust banks to give them impartial advice on derivatives. The banks, after all, are trying to sell products. Mr Bill McLuskie, treasurer of Canary Wharf Ltd in the UK, claims: "I know bankers who say, 'Given the quality of some treasurers, it's easy to con them.'"

Mr McLuskie and Mr Wagener nonetheless preach the virtues of hedging currency risk. The main thing a company is buying is certainty, they say. No longer can its cashflow stall and start depending on which way the forex market moves. To hedge is to buy insurance, says Mr Wagener. A risk-averse company should hedge; a company with risk appetite may well consider not doing so.

Many people regard buying currency derivatives as "speculation," says Mr McLuskie. In fact, he argues, the opposite is true. Not to buy the products is to speculate on the foreign exchange market. And most companies have no special insight into which way a currency will move. Mr Parry says: "Your job as a producer of goods and services is not to second-guess the foreign exchange markets," he says.

There are trends that may encourage more companies to buy hedging products. For a start, says Mr Howard Kurz, head of global forex at NatWest Markets, many corporates are becoming more sophisticated about derivatives. In the 1970s, Mr Wagener recalls, many had no treasurer at all. Now, a growing number of finance directors are former treasurers.

Second, as more banks pile into the options business, prices are falling. Most banks are now selling what they call "zero-cost options" - although if the market moves more than the purchaser expects, the options can be far from zero-cost. Mr Parry says: "The question in the end is what value you put on being able to sleep at night when the markets are moving all over the place."



Tokyo dealers: the yen is now 23 per cent below its 1995 closing average

CURRENCY RESERVES • by Robert Chote

Central banks may decide fate of euro

Analysts are considering how the single currency will affect reserves

By late last year, the world's central banks held foreign exchange reserves worth \$1,400bn. The currencies in which they chose to hold these reserves after monetary union in Europe may have a decisive influence on the single currency's performance in its early years.

World reserve holdings are split roughly in half between the industrial and developing countries, with Brazil, China and Taiwan among the largest holders from the latter category. The developing countries keep about 60 per cent of their holdings in dollars and 15 per cent to 20 per cent in the currencies of these "core" European countries that are likely to take part in Emu.

Mr Fred Bergsten, director of the Institute for International Economics in Washington, estimates that the developing countries might go half way to equalising these percentages should Emu take place. This would produce a diversification into euros worth \$50bn to \$75bn.

Mr Bergsten expects the portfolio shift among industrial country central banks to be of similar magnitude. Japan has reserves worth more than \$200bn - almost entirely in dollars - and it could shift at least \$50bn into euros. The US is likely to wish to hold substantially more of its reserves in euros than the \$20bn which it has in D-Marks and \$15bn in yen.

Assessing how reserve composition will change within Europe is even more complicated. Foreign exchange reserves held by the central banks of Emu-participants in the currencies of other Emu-participants will all become euros and will therefore cease to be held in foreign exchange. In the first half of last year core European countries held about \$200bn in reserves, of which about \$40bn was in D-Marks and \$10bn in French francs. If this were still the case on Emu day, then the reserves

of these eight countries would fall by 25 per cent overnight.

It might seem as though the need to replace these reserves would increase the demand for dollars. But the euro area will need fewer reserves than its constituent countries because trade between them will become internal to the single currency zone. So while the euro-area's reserves would fall 25 per cent, its imports would fall 40 per cent, from \$1,150bn to \$705bn.

Mr Avinash Persaud, currency strategist with J.P. Morgan in London, calculates that a country with imports of \$705bn would normally have foreign exchange reserves of \$75bn to \$80bn, based on the experiences of other industrial countries. This implies that the euro-area would find itself with \$70bn more reserves than it wanted, even after 25 per cent of reserves currently held by its constituent countries have disappeared.

"The European central bank will not want to reduce its level of reserves instantly, not just because of the market disruption this would cause but because a high level of reserves could help to augment the new central bank's credibility," Mr Persaud says. "However, excess foreign exchange reserves will be reduced over time and a significant portion may be reduced early."

Mr Paul Masson and Mr Bart Turtelboom, of the International Monetary Fund, say that the euro area's demand for reserves would fall by about 60 per cent to about \$100bn. "Thus, about \$105bn - most of it held in US dollars - would be excess, and might lead to some depreciation of the US dollar over time, as EU countries decreased their reserve holdings."

Both the Persaud and Masson/Turtelboom estimates of excess reserve holdings in the euro-area are far lower than those the European Commission came up with in 1990, and which were dismissed subsequently as a "shirt-cuff calculation". Other analysts suggest that the decline in dollar holdings could be as little as 35 per cent or \$55bn. Mr Bergsten says that off-

cial reserve shifts into euros, largely though not wholly out of dollars, might total between \$100bn and \$300bn. Assuming - unrealistically - that interest rates do not change, past experience suggests a shift this big would be associated with a 20 per cent appreciation of the euro against the dollar.

But Mr Masson and Mr Turtelboom say that shifts in official reserves are unlikely to have a decisive impact on the exchange rate between the euro and the dollar. "Other factors, like the monetary policy stance and credibility of the ECB and the cyclical position of the US relative to the US and Japan will be more important influences on the exchange rate of the euro," they say.

Professors George Alogoskoufis and Richard Portes of the Centre for Economic Policy Research, say that shifts in reserves will be important. They argue that those European countries which do not participate in Emu will swap some of their dollars for euros and some economies in central and eastern Europe will peg their currencies to the euro and therefore have heavy demand for reserves. The European Bank for Reconstruction and Development might also conduct a large part of its borrowing and lending in euros.

Like Mr Bergsten, Prof Alogoskoufis and Prof Portes expect portfolio shifts to make the euro a strong performer when it debuts in the foreign exchange market. Mr Bergsten says that a shift into euros by central banks will be augmented by a reallocation of private sector portfolios to give a total move into euros worth \$500bn to \$1,000bn.

Predicting the impact this will have on the exchange rate is not easy. The higher demand for euros may be met with a greater supply, as the euro becomes more popular for borrowing.

The balance between demand and supply might also be equilibrated by interest rate changes as much as movements in foreign exchange markets. It is a brave investor who gambles on what the net effect will be.

SALES • by Simon Kuper

Now the honours go to a new breed

Banks are wooing customers with a growing range of products aimed at hedging risk

If this is a bad time to be a foreign exchange trader, there has never been a better time to be a forex sales person.

Banks are turning away from low-margin spot trading, the fashion of the late 1980s and early 1990s, and instead are trying to sell ever more products to the fund managers, hedge funds and companies that are their customers. "Our conviction is that sales is the driving force," says Albert Maasland, the new head of forex sales at Deutsche Morgan Grenfell. Deutsche and most of its rivals are following where Citibank went years before.

The banks are wooing customers with a growing range of advice, research, and derivatives aimed at hedging risk. It no longer suffices to call a customer in the morning, read out the market news from a Reuters screen, and execute a spot trade. Mr Michele di Stefano, head of forex sales at BZW in London, told a Dow Jones conference last month.

A new breed of sales person is arising. Essex Man, who left school at 16, is on his way out. Mr Maasland says: "It's just not conceivable that we would take on someone in sales today who didn't have a higher degree. Some of our people look and sound and feel like corporate finance executives."

PhDs and MBAs are increasingly popping up even on the trading floor, although dealers can still be seen throwing pieces of

paper at one another. The link between forex trading and sales is close: banks buy and sell foreign exchange for their customers. A bank with lots of customers should do well in trading, as it can see which way the flows in the market are moving. As customers do much of their business in derivatives, spot traders have to understand these, too.

The best salaries, however, are increasingly in sales. Pay has fallen for many traders, but Mr Tony Marshall, a headhunter at Alexanders, Mann & Partners, says: "Salaries have risen quite dramatically for experienced sales people with either linguistic or multi-product skills."

The range of products, most of them some form of currency options for hedging foreign exchange risk, grows more complex by the week. "Ten years ago there were only a few simple instruments," Mr Maasland says. "In a way, you had to use a sledgehammer. Now we have 50 different tools to hammer a nail in."

The hope is that clients will buy more of them. Mr Howard Kurz, head of global forex at NatWest Markets, says: "Our options business is probably close to its peak of the last five years." This is partly because the UK economy is surging ahead and the currencies market has become more volatile, he adds.

With tailor-made options on offer, banks can command high margins on sales. Mr Maasland says: "The difference between an average salesperson and a great salesperson in the forex industry today is measured in millions, in income contribution ratios."

However, even the sales

side of the forex industry could clog up fast. Mr Robert McKnew, Bank of America's head of foreign exchange, says that virtually every time his bank offers a customer a price for a service such as an option, it is competing with other banks' prices. One result of the competitive market is the rise of "zero-cost options", hedging devices for which the customer only pays if a currency moves by more than he had bargained for. Margins are falling in sales as well as in spot trading.

All banks are hunting multinational companies, the most lucrative customers in the business. However, only a few large banks will be able to afford the high costs of servicing their needs. Mr Di Stefano explains that if you are to tell these companies how to manage their foreign exchange, you also have to be able to advise them on tax, structured finance and interest rates.

Geography matters, too. Ms Christiane Mandell, deputy head of global foreign exchange at Bank of America, says: "You can't say to a customer, 'We're dealing in Belgium now! Well, I'm terribly sorry but we're not very good there.' Banks have to be near their clients, she says. "If you're not in their town you'd better have a frequent flyer account." Mr Maasland also points to soaring technology costs, which prohibit entry into this market. He says that if a small bank has a customer who wants to open an office in South Africa, it is likely to come to a big bank for advice.

The biggest clients are demanding. J.P. Morgan has only 200 to 250 forex customers worldwide - but all need



Christiane Mandell: banks have to be near their clients

sophisticated service. At Citibank, sales people spend between a day and a week in their customers' offices, to see how they work. Mr David Creed, group treasurer of Tate & Lyle, the UK sweeteners and starch group, says: "If a bank doesn't provide any form of social contact at all, and if you don't ring our dealers, do not be surprised if you don't get much business."

For the forex sales business is very much a buyers' market. Banks are pouring into it, but customers are little more eager than before to spend pots of money managing their forex exposure. The demand for some of the new species of derivatives remains to be proven. Mr Di Stefano says: "When you

market new products, clients treat them with an additional degree of caution." NationsBank, which expanded strongly into forex two years ago, had to pull back after suffering on the sales as well as trading side. "Some of these guys are coming extremely late to the party," warns Mr Klaus Said, global head of forex at J.P. Morgan.

Deutsche Morgan Grenfell is the bank that has taken the biggest bet that sales will grow fast. It has an established customer base around the world, and in the past two years has invested heavily to service its clients' currencies needs. Other banks will be watching gleefully to see whether its bet pays off.

ANALYSTS • by Graham Bowley

Smooth talk and sleek pay

Salaries can reach £1m, but there are downsides to the work of banks' communicators

In sleek dinner suits and elegant ballgowns, the bond, equity and currency analysts of the City of London paraded their personal disposable incomes at the annual Analysts' Dinner in one of the capital's glitzy hotels in February.

Beneath the glowing chandeliers and at the expenses-

paid bars, these smartly-dressed people, who make their living analysing the world's huge financial markets, celebrated one obvious benefit of their trade - their lucrative salaries. The talk was of enormous bonuses, and at the dining tables fistfuls of money changed hands as revellers gambled on the length of the after-dinner speech.

But the heady celebrations had a more serious side, and one which underlined one of the most important roles of the financial analyst - as a public relations manager for

the banks and investment houses which employ them.

While revelling in their good fortunes, the party-goers were careful to lavish every courtesy on their guests.

These, apart from the occasional journalist, were mainly investors, many of them potential customers likely to provide lucrative business for the banks' salesmen and traders.

"We are about trying to communicate ideas to the client in the hope that they are going to do business with us, and that is, in the end, what pays everybody's bills," said Mr Kevin Adams, a bond analyst at Barclays de Zoete Wedd in London.

"Our job is perceived by the bank to be about getting the bank's name out into the marketplace. We are seen as being fairly important PR people for the bank," added Mr Jeremy Hawkins, chief economist at Bank of America in London.

This pseudo-PR role may be becoming an increasingly crucial part of the analyst's job, and one which can perhaps explain the banks' readiness to employ such vast and expensive armies of analysts who contribute only

indirectly to profits. However, it is not their only role.

Within any bank there are men and women still providing the bank's own traders and salespeople with thorough analysis of day-to-day events in the financial markets, as well as forecasts of what they might expect in the future.

"It is still the analyst's role to bring some structure to what is going on in the foreign exchange markets, to put events into context and to provide some rigour for interpreting economic developments," said Mr Paul Meggyesi, senior currency economist at Deutsche Morgan Grenfell in London.

The analyst's role in this respect has become even more important as the flow of information on to the trading floor has increased, according to Mr Hawkins. "Increasingly, we are a filter for information. There are so many people with access to so much information that it is overkill. It is for us to say what is important and what is not."

"We make our traders and salesmen feel confident and happy about taking a view. We sort out the big turning

points from what can often simply be high-frequency noise.

"We try to put an objective neutral point of view. Traders will want to interpret a piece of news in a way which is sympathetic to their own position. We help them see the woods from the trees."

The rewards for performing these roles are obvious from the lavish lifestyles some analysts enjoy. At their dinner in February there was much envious gossip about a leading pharmaceuticals analyst who had been poached by one investment house with the lure of a £1m annual salary and a percentage share of every deal involving a pharmaceuticals company in which the bank was involved.

But while many salaries may be comfortably into six figures, analysts' pay generally still compares poorly with those of their colleagues on the trading floor and on the sales desk.

Mr Adams said: "We are paid less than the big-hitting salesman or trader because basically the bank's bottom line is hit harder if they walk than if we do. It is very



Paul Meggyesi: 'our role is to put events into context'



Jeremy Hawkins: 'we are a filter for information'



Kevin Adams: 'we are paid less than the big-hitting salesman'

easy to see what a trader makes for the bank, it is more difficult to see what an economist makes."

But, despite its perks, the analyst's job also has its downsides. Analysts are quick to point out that they are first in the office in the morning - in London, often as early as 6am or 7am - as they prepare morning briefings for traders and salespeople, sending out morning faxes, and preparing for conference calls with their colleagues elsewhere in Europe and in Asia.

"We provide a round-up of what has happened overnight and highlight what is going to be important during the day ahead," said Mr Hawkins. Another potential problem is that analysts, in their

writing a paper and then nobody might be interested when I'd finished."

There is also the problem of job insecurity. While analysts are richly rewarded, theirs is often the most vulnerable position, especially when market conditions are difficult.

Analysts are probably more mobile between jobs than most other professions, and expect to move from one bank to another at least once during their career. That move could be the result of being "head-hunted" - or being made redundant.

NETTING • by George Graham

Settlement risk has banks in a quandary

Many are hesitating because they have a choice of technique

Mr Peter Bartko, chairman of FXNet, has had to learn patience. His organisation, which provides an automated service for bilaterally netting out currency payments, has for the past 12 years offered banks a tangible reduction in the risk of a foreign exchange settlement failure. For much of that time, however, it has been a solution to a problem which few banks found pressing enough to warrant action.

"Experience shows that when faced with a choice of selecting from a number of competitive systems, or doing nothing at all, banks frequently opt to do nothing at all, or at the very least to wait for somebody else to go first," Mr Bartko said.

Today, most banks are acutely aware that they have a real problem. Indeed, they even face a deadline of spring next year for doing something about it.

The "Orange Book", a report produced last year by the Bank for International Settlements, made it clear that the leading central banks still remember the 1974 failure of Bankhaus Herstatt, which remains the only large and concrete manifestation of foreign exchange settlement risk. If private sector banks are not willing to act soon, the central banks will do it for them, the Orange Book warns.

Yet many banks are still hesitating between the different choices of technique for reducing foreign exchange settlement risk. Besides FXNet, other bilateral netting schemes are in operation, while two multilateral netting schemes, Echo and Multinet, are now also in contention.

The bilateral schemes take a series of gross currency payments going both ways between two banks and convert them into a single netted payment. The multilateral systems take all of a bank's foreign exchange payments with other members and net them down further to a single payment into or out of the scheme. This results in a further reduction in the number of payments actually required at the end of the day.

Beyond these schemes lies the Group of 20 plan developed by some of the world's largest banks to set up a special purpose bank to carry out continuous linked settlement of foreign exchange payments. This system would settle both sides of a foreign exchange transaction simultaneously, thus eliminating entirely - at least in theory - the lag between payments in different time zones which lay at the heart of the Herstatt problem.

Banks have traditionally faced two problems in deciding what to do about their settlement risk. The first was critical mass. The benefits of joining a netting scheme are minimal unless your biggest trading partners also sign up. The second was the fear of backing the wrong horse. Because the critical mass argument is so powerful, many banks believe there is ultimately room for only one solution, so a commitment to one of the contenders runs the risk of proving to be a waste.

Underlying these two problems is a hard-nosed cost/benefit analysis. Even though the banking system's exposure to foreign exchange settlements goes wrong is stupendous, the risk that they

might do so is almost incalculably small - Herstatt remains the only real example of such a foreign exchange settlement failure, although central bankers argue that the system has gone to the brink on other more recent occasions.

But netting systems are finding that these credibility problems are gradually eroding. FXNet now claims to handle around 13 per cent of the world's foreign exchange trading flows, which is a big enough volume to provide tangible netting benefits.

FXNet says it is now eliminating \$90bn-\$100bn a day of foreign exchange settlements from the world's payments systems, a reduction of 51 per cent in settlement risk. Additionally, FXNet is working on an automated link with Multinet, which would allow payments that have already been netted bilaterally to be netted multilaterally, providing the potential to cut another \$50bn-\$60bn a day out of the payment systems.

"A 51 per cent reduction in settlement risk today with the potential of an 80 per cent reduction in the near future is 'jam today', not a 'blue sky' dream of tomorrow," Mr Bartko said.

Echo, too, now has 16 live members and another six signed up, providing very significant risk reductions. Its membership includes not only commercial banks but also investment banks, as well as AIG, the large US insurance group.

Mr Peter Davey of Echo says some member banks have found they are getting an average risk reduction of around 86 per cent, with peaks at more than 90 per cent. As proof that banks are starting to find concrete benefits in netting, some Echo members are starting to encourage their counterparties to sign up, and extending larger trading limits to them if they do so.

"The benefits can be reaped straight away and are big enough to be worthwhile. The key cost is the cost of delay," he said.

Mr Theo van Koningsveld, head of foreign exchange and money market trading at Rabobank, the large Dutch bank, says he is already actively encouraging his traders to deal with counterparties which are also Echo members.

In the near future, as part of a comprehensive overhaul of its counterparty limit structure, Rabobank plans to incorporate bilateral and multilateral netting as factors in calculating limits.

Netting systems have also been boosted by the rapid advance of electronic foreign exchange trading systems such as EBS. Because a bank does not know in advance who will hit your price on the screen, it has much less control over who it trades with, so risk reduction becomes more important.

The more participants in a netting scheme, the greater the reduction in risk and payment volumes. Today's benefits would be multiplied, therefore, if the competing systems could be rolled into one.

That is what the world's largest foreign exchange trading banks continue to encourage. Besides FXNet's work with Multinet, talks have been proceeding for some months on a possible rapprochement between Multinet and Echo. In an ideal world, payments could be first netted bilaterally, then those netted payments could be further netted in a single multilateral scheme; finally, the multilaterally netted payments could be settled in the G-20's continuous linked settlement bank.



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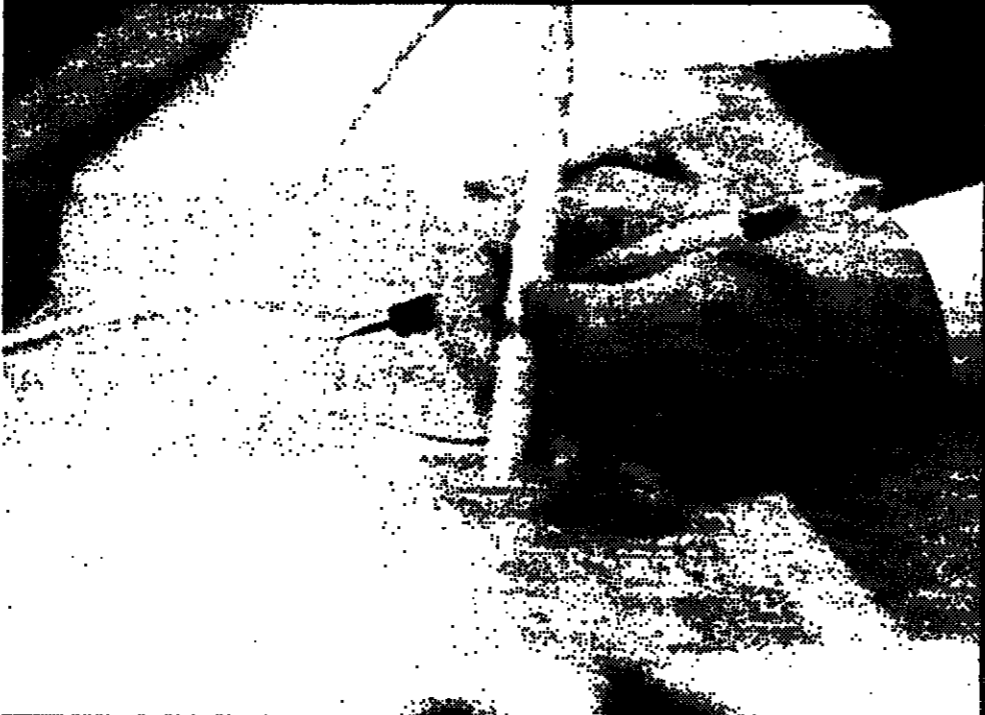
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RECRUITMENT

Richard Donkin on a new attempt to stimulate debate on the future of work

Hunt for a working hypothesis

Do we need to re-examine the way we work? That is the question posed by the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA), in a project to investigate the implications of changing work patterns.

The RSA's contention that it is focusing on "one of the big issues of the day" would appear to be supported by the growing body of literature on the changes already experienced in the way people work. To stimulate debate, the society has published a discussion paper, *Key Views on the Future of Work*, which neatly summarises some of the main arguments on the subject.

Written by Valerie Bayliss, a former director of youth and education policy at the Department of Education and Employment, the paper begins by summarising the sort of changes under discussion. It points out that a predominantly male UK labour force has been replaced by one in which nearly half are women.

The dominance of manufacturing has been broken by the service industries which now employ almost

half of all workers. The geography of employment has shifted from the north towards the south and east and nearly every workplace is computerised.

Demographic changes mean that fewer young people are entering work under the age of 18. And a quarter of the population of working age is now economically inactive - rising to half for men aged between 55 and 65.

Full-time work, once the norm, is supplemented by increasing numbers of employees on part-time, temporary or fixed contracts. Self-employment is also on the increase with one in eight now working for themselves.

The RSA seems reasonably assured that all these factors amount to a problem - though Bayliss admits there is considerable debate over the nature of the problem.

Jeremy Rifkin, in *The End of Work* (Putnam), forecasts

that the march of technology will create an almost workless world. Bill Bridges, on the other hand, argues in *Jobshift* (NB Books) that it is not so much work that is disappearing but the employment package we recognise as a job.

Searching for potential solutions, Bayliss turns to Stanley Aronowitz and William DiFazio's book, *The Jobless Future: Sci-Tech and the Dilemma of Work* (University of Minnesota Press). This outlines the need for a society where everyone receives a guaranteed income but no able citizen is free from the obligation to work. Such a society, says the paper, would be supported by a more redistributive taxation system and labour market regulation.

Significantly, she notes that almost all the authors she has studied call for more investment in skills. Ewart Keep and Ken Mayhew, for example, argued in a collection

of essays on work published by the Joseph Rowntree Foundation (*Education, Training and Employment Prospects*) that the biggest problem for UK employment is rising demand for skills in those parts of the economy that compete internationally.

Bayliss concludes that the chief distinction in the debate is between "those who believe that the forces operating to reduce jobs are irresistible and those who believe those forces can be controlled".

She adds: "There is a near-universal belief that it is a matter of political will how far the available work, and the resulting income, is shared or concentrated among populations."

Given the history of changing work patterns it may be pertinent that Bayliss remarks upon the lack of discussion over new work. "It is remarkable how little credence, or even debating

space, is given to the notion that technology will, of itself, generate jobs of a kind we cannot yet foresee," she writes.

Contributions to the debate can be sent to: RSA, 8 John Adam Street, London WC2N 6EZ. You can join an online debate on the subject via the Internet at: <http://rsa.cappgemini.co.uk>

Record demand

Recruitment demand for senior executives has risen by 24 per cent in the first quarter of 1997 over the same period in 1996, according to MSL, the human resource group, which has just published its quarterly index of advertised posts.

The quarterly index, regarded as a useful indicator of economic growth, now stands at 167 against the base figure set in 1989 - its highest level since the first quarter of 1990.

The moving annual total,

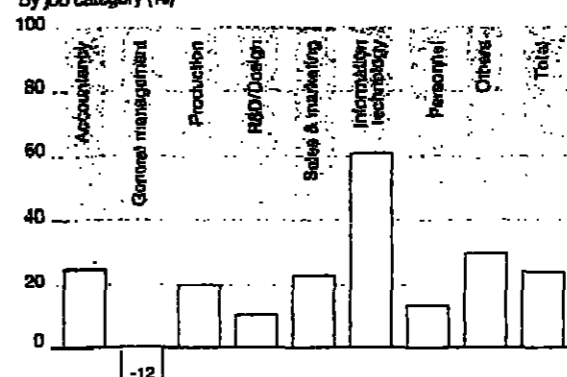
a rolling monthly total which irons out seasonal fluctuations, has not fallen since the third quarter of 1992. Information technology remains the leading job category, followed by accountancy, sales and marketing. Advertised demand for general management, however, has fallen 12 per cent on the same period last year. Gary Long, MSL Group chairman, believes this may be a cause for concern.

"The category of general management is viewed by economic forecasters as six months ahead of what will actually happen in wider economic terms," he says. "Its decline may therefore be significant."

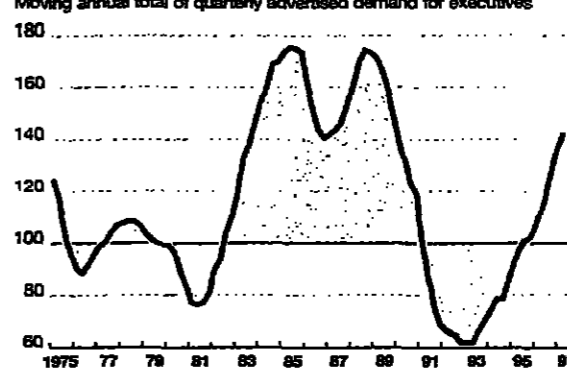
Long warns that recruitment activity may have begun to slow down ahead of the general election. "In previous election run-ups there has been a marked downturn in recruitment advertising activity in the quarter prior to election day."

MSL recruitment index

Change Q1 '97 on Q1 '96
By job category (%)



MSL recruitment index (1989 = 100)
Moving annual total of quarterly advertised demand for executives



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Sassoon

BROKER: SOUTH EAST ASIA

Expansion of the U.K. client base has resulted in a requirement for two Salespersons. Sassoon is one of the leading Singapore brokers and has been established in London for over ten years. Most of the Pacific Rim is covered with particular emphasis on Hong Kong, Singapore and Malaysia, which are covered by experienced research teams. The current team averages over 20 years experience in the City.

The first candidate should have at least three years experience of the above markets and an established U.K. client list. He or she would probably be currently employed by one of the "integrated" U.K./U.S. Brokerage Houses.

The second candidate should have experience of broking and a thorough knowledge of the region.

Performance will be rewarded with an excellent salary and attractive incentives.

Interested candidates should write to:

Rupert Byng, Sassoon (Europe) Limited
53 Tooley Street, London SE1 2QN

All replies will be treated in strictest confidence.

The world business organisation present in 139 countries is seeking for its Paris-based International Secretariat:

Director of Finance and Administrative Services

Wide experience of financial control. Knowledge of French tax and labour legislation essential. Perfectly bilingual in English and French. International outlook. Professional background in industry or financial sector. Sound understanding of information technology (personal computers and networks). Good interpersonal skills. Ability to work well under pressure and as part of a high-level international team. All nationalities may apply.

Please send comprehensive CV, photograph and salary details in confidence to the International Chamber of Commerce - attention First Director - 38, rue de Valenciennes - 75008 Paris (France) Fax: (33.1) 49 53 28 96



AMBITIOUS BANKERS

We are looking for bankers with current track records as managers heading up divisions and with experience in any of the following:

Trade Finance; Shipping; Project and Structured Finance; Treasury; Capital Markets; Credit and Administration.

Please send C.V. in strictest confidence to K.G. Management Consultants Ltd., 33 Eccleston Square, London SW1V 1PB; or fax to (0171) 834 3544; or E-mail to gkd@premmiitsonnet.co.uk



are looking to expand their Bullion as well as their Moneymarket Teams in Zurich, and are offering the following positions:

BROKER in Bullion for Spot, Options and Forwards

and

BROKER in Money-Markets for Cash, FRA and IRS

Applicants should have excellent experience in Dealing and/or Broking in their respective markets.

Interested persons are invited to send their application with CV directly to Jürg P. Angehrn, Managing Director, Premex AG, Dufourstrasse 101, 8034 Zurich
Tel: 41-1-389 81 00/FAX 41-1-389 81 05
E-Mail premex@bluewin.ch

JAPANESE FUND MANAGER

HONG KONG BASED

The investment division of a major European banking group wishes to recruit a Japanese equities fund manager to be based in Hong Kong. The position offers early responsibility and autonomy within a close-knit, stimulating peer group.

The ideal candidate will have around three years experience in fund management, either managing money or as an analyst. Preference will be given to candidates with hands-on money management experience.

Attractive all-in remuneration package, to include relocation/housing allowance. Please reply with detailed resume, (including current compensation) to

Box A5408, Financial Times,
One Southwark Bridge, London SE1 9HL

RESEARCH OPPORTUNITIES

Enskilda Securities is the investment banking division of Skandinaviska Enskilda Banken, one of the Nordic area's largest commercial banks. Enskilda is a leading European institutional equity brokerage with offices in Stockholm, London, Frankfurt, Helsinki, New York, Oslo and Paris.

The Nordic equity research team currently consists of 30 people, of whom the majority are based in Stockholm. Enskilda's research activities are organised in a matrix of sector and country specialists, with emphasis on the former. Sector research is conducted on a pan-Nordic base but in certain cases is extended to other European markets. To support our ambition continuously to develop and expand our research product, we are now seeking to expand the team:

Nordic Information Technology Analyst

You will have a professional background in the Information Technology area coupled with a keen interest in the stock market. Background in equity research and good knowledge of quoted IT companies in the Nordic markets is naturally a considerable advantage but not a prerequisite.

Analyst - Sweden

You will be based in Stockholm and be responsible for a number of important companies where sector specialisation is not essential. In addition, the position will entail a certain amount of strategy work on the Swedish stock market. The ideal candidate will have a minimum of two to four years' research experience with a reputable stockbroker.

Assistant - Nordic strategy

You will at least initially be based in London, will work together with the Nordic strategy team and should have excellent computer skills, a keen interest in the stock market and a good understanding of the basics of accounting and valuation techniques. A background in stockbroking or a similar environment is an advantage but not a prerequisite.

For all candidates, we particularly value the following qualifications:

- strong drive and ambition constantly to improve;
- a team player;
- proficiency in both written and spoken English;
- regard the international client base and a certain amount of travelling as a plus.

Enskilda Securities can offer interesting and challenging assignments and career opportunities within an international environment of highly motivated and dedicated professionals. The right candidates can expect a competitive remuneration package.

Please send CV and a short covering letter as soon as possible to either: Tina Bentley +46 8 763 80 00 Stockholm, Enskilda Securities, 105 36 Stockholm or Judy Elmes +44 171 246 4000 London, 2 Cannon Street, London EC4M 6XX.

Enskilda Securities

A division of Skandinaviska Enskilda Banken

A Challenging Future With Cedel Group

The Cedel Group is a dynamic and fast growing international organisation comprising five subsidiaries, including Cedel Bank providing clearing, settlement and custody administration services on a global basis. The Group's products and services are provided by a multi-national, customer focused team of more than 700 people based in New York, London, Dubai, Tokyo, Hong Kong and operating from the Group's head office in Luxembourg.

Network Management

The Network Management team is responsible for all aspects of the relationship with Cedel Bank's network of sub-custodian and cash correspondent banks. The effective implementation of the network strategy for services and product management is essential to the continued expansion of the product portfolio and customer base. As a result, career opportunities are available for qualified highly motivated individuals to join our network management team in both management and specialist roles.

Successful candidates will have a proven track record in securities operations, product management and/or network management, with a good knowledge of global capital market trading and settlement practices. Additional experience in Corporate Trust (e.g. working with issuers to bring new securities to market) is also desirable.

Ideally you must be fluent in written and spoken English and French together with strong presentation and negotiation skills. For the Network Manager position you must have experience in co-ordinating multi-disciplinary projects in an international environment.

If you want to develop as part of a dedicated and professional team working in the international financial arena, please send your CV quoting the reference to:

cedel group



Cedel Group (ref: PNM)
Human Resources Department
67 Bd Grande-Duchesse Charlotte
L-1331 Luxembourg

Luxembourg Dubai Hong Kong London New York Tokyo

ACCOUNTANCY APPOINTMENTS

Chief Administrative Officer

City

£ Excellent Package

Our client is a highly successful US investment bank providing a range of fully integrated investment banking services. Last year, they increased their momentum significantly in international operations. As part of this carefully managed but continuing growth, they are looking to further expand their European Emerging Markets Group.

As a result, this extremely interesting and high profile senior management position has arisen. Reporting to the Global Head of Emerging Markets, the Chief Administrative Officer will predominantly be responsible for assisting the Head of Trading and Head of Derivatives, European Emerging Markets Group, in the day-to-day running of their businesses, focusing on all accounting, operational, risk management and middle office functions.

This is a diverse commercial role and as such will require a hands-on business manager who has

the confidence and drive to deal extensively with top level management, both in London and internationally.

The ideal candidate will be a qualified accountant with a minimum of 4-5 years post qualification experience gained within an investment banking environment. It is imperative that he/she must have a strong technical knowledge of either emerging markets and/or derivatives products. For the right individual remuneration package will not be a limiting factor.

If you are interested in joining a dynamic organisation where you can add value to a fast growing business and where prospects and opportunities for the future would be unrivalled, please send your CV together with your current remuneration details to Stephanie Warren at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH or alternatively telephone her on 00 44 171 269 2336 for an initial discussion.



Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Singapore Sydney

Chief Administrative Officer

City

£ Excellent Package

Our client is a highly successful US investment bank providing a range of fully integrated investment banking services. Last year, they increased their momentum significantly in international operations. As part of this carefully managed but continuing growth, they are looking to further expand their European Emerging Markets Group.

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Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Singapore Sydney

COMPLIANCE OFFICER c£80,000 & Bonus
City based International Investment Bank wish to employ an ACA with 5FA & B of E experience. Overseas compliance issues worldwide, monitoring sales trading in equities, convertible bonds, international bonds & derivatives.

GROUP FINANCIAL & REGULATORY ACCNT c£70,000 & Bonus
This is a high profile role offering excellent long term career opportunities with this City Merchant Bank. They seek a qualified ACA/ACCA with a minimum of 2 years banking experience to manage group regulatory and financial accounting. You must have extensive "Hands On" knowledge of SFA rules, SOE, CAD, BSR97, business planning and forecasting and risk control.

REGULATORY COMPLIANCE ACCNT c£85,000 & Bonus
This prestigious City based investment Bank seeks recently qualified ACA/ACCA with a minimum of one years internal audit and compliance reporting experience (including SFA regulations). Derivative products, currency SWAPS and most important Conduct of Business Rules under CAD knowledge an advantage.

GROUP INTERNAL AUDIT MGR c£70,000 & Car & Bonus
ACA with banking experience required to manage & develop the London Group Audit team of this Merchant Bank. Internal business & computer audit experience & SFA reporting required. Some French an advantage.

DEPUTY COMPLIANCE OFFICER c£60,000 & Bonus
A unique opening has arisen within this highly diversified bonus driven City Investment Bank. You will need superb academics combined with proven derivatives/equities/debt experience together with analytical skills. Excellent opportunities for career advancement.

INTERNAL AUDITORS c£55,000 & Bonus
Global Investment Bank requires recently qualified ACA's to work within a high profile Audit Team. You must possess excellent communication & report-writing skills, with exposure to financial products including Capital Markets, Bonds, Derivatives & Fixed Income.

CAREER GROUP
26 Market Place • London W1N 7AL
Tel: 0171 470 7040 • Fax: 0171 436 4575
Email: info@career-group.co.uk

Airtours

Head of Corporate Audit

Manchester

Package c £90,000

Airtours Group Plc is the largest Air Inclusive Tour Operator in the world and one of the most innovative multi-nationals in the UK. With businesses based in the UK, Scandinavia and North America, they are committed to a strategy of profitable growth through vertical integration within the leisure travel industry. Current activities include travel, retail, airline, cruise and hotel business and future expansion will be both organic and acquisitive.

Following internal promotion, they seek to appoint a highly commercial Head of Audit. Reporting to the Audit Committee and working at the most senior levels within the operating divisions, the prime function of this position is to provide an effective independent review of the business operations.

Other duties include:

- Originating, formulating and implementing a risk based audit programme in conjunction with the executive.
- Promoting change and raising standards across the Group.

- Managing, motivating and developing staff of 13 including 5 Audit Managers.
- Proactively seeking business solutions to problems and successfully implementing recommendations.
- Undertaking ad-hoc strategic projects.

Candidates will be qualified accountants, aged 30-45, with exceptional interpersonal skills and a track record of success within an international blue-chip organisation. You must be able to demonstrate the necessary drive, initiative and commercial acumen to progress within this challenging, fast moving environment.

This assignment is being handled exclusively by Michael Page Finance. Interested candidates should send a detailed curriculum vitae to Dean Ball, Regional Manager at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ, quoting reference 216569 or alternatively telephone 0161 228 0396.



Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leamington Spa
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

TAX AND TREASURY MANAGER

Bucks

£40,000 + Car + Bonus

The Company

- Medium size quoted UK plc.
- Industrial company with operations in the UK, Europe and USA.
- Highly profitable with consistent growth potential.

The Role

- Reporting to the Group Finance Director and part of a small Head Office team.
- Emphasis on tax compliance coupled with planning, cash management and bank relationships.

- Involvement in long term funding arrangements, monitoring working capital and external advisors.

The Person

- Graduate calibre with minimum 3 years' tax and preferably some treasury experience.
- Relevant experience gained in an international environment.
- Self starter with strong interpersonal skills looking to broaden their horizons.

Please write enclosing full curriculum vitae quoting ref: 198 to: Nigel Hopkins FCA, London House, 53-54 Haymarket, London SW1Y 4RP Tel: 0171 839 4572 Fax: 0171 925 2336

NIGEL HOPKINS
FINANCIAL & TREASURY SELECTION



GROUP FINANCIAL ACCOUNTANT

Central London

c£42,000 + car + benefits

Excellent opportunity at our London Head Office

ABP is a quoted group that owns and operates 23 seaports in the UK. With a market capitalisation exceeding £1 billion, it is the largest ports group in the UK.

The Role:

- Production of consolidated annual and interim financial statements for the group.
- Management of treasury activities.
- Preparation of projects for senior management, including reviewing the accounting treatment of exceptional transactions and the impact of new accounting standards.
- Accounting for the holding company and London based subsidiaries.
- Supervision of a team of four.

The Person:

- A professional with good attention to detail and the ability to communicate effectively at all levels.
- Has a broad experience in the management of a disciplined accounting function.
- Able to provide comprehensive and accurate financial information within tight deadlines.
- Qualified with a recognised accounting body. It is unlikely that the successful candidate will have less than 5 years PQE.

To apply, please write with a full CV by 1 May, stating current remuneration, to Paul Lambton, Personnel Manager, Associated British Ports Holdings PLC, 150 Holborn, London EC1N 2LX.

ABP ASSOCIATED BRITISH PORTS
BRITAIN'S LARGEST PORTS BUSINESS

SENIOR INTERNATIONAL AUDITORS

TO £33,500 PACKAGE

NR SOUTHAMPTON

Warner Lambert is a recognised world leader in the manufacture and marketing of high quality consumer and pharmaceutical products. It is a customer oriented business that invests boldly in research and development resulting in an enviable portfolio of household name products such as Halls, Listerine and Wilkinson Sword in addition to 'OTC' and prescribed pharmaceuticals.

A Fortune 200 company, Warner Lambert operates worldwide employing in excess of 38,000 staff, generating revenues in excess of \$7 Bn in 1996.

Following the career progression of auditors, within the existing team, opportunities exist for ambitious ACAs seeking their first move out of Practice. The roles form part of an elite group responsible for conducting operational, financial and computer audits across Warner

Lambert's subsidiaries and affiliates in Europe, Asia, Australasia, Africa and the Middle East. As a key player, in this international unit, you will be assessing business risk, reviewing business processes and reporting on accounting and administrative controls.

Successful candidates will be Graduate ACAs whose personal commitments enable them to undertake extensive international travel (50-60%). These assignments can result in being abroad for periods of up to 4 weeks at a time. In addition to individual attributes such as self confidence and strong interpersonal skills, applicants will need to demonstrate their ability to integrate within a team environment, both commercially and socially. A degree of fluency in another European language would be an advantage but is by no means essential.

If you have the drive and commitment to meet this challenge then please forward your CV, to our Consultant Peter Clarke, Senior Partner at CMA Accountancy Recruitment, Norfolk House, 57/61 London Road, Southampton, Hants SO15 2AB (Tel: 01703 638046; Fax: 01703 335937). Please note that any CVs forwarded directly to Warner Lambert will be passed to our Sole Agency Consultants, CMA Accountancy Recruitment.

WARNER LAMBERT

UK Financial Controller

M40 Corridor

to £40,000 + Car

Our client is a leading European distributor of active and passive electronic components. With sales exceeding £100 million, they are ranked in the top 10 in Europe. As well as being a specialist pan-European distributor, they also provide excellent local service to their customers throughout Europe with both product supply and value-added services.

As a result of a recent acquisition in the UK electronic components market, they now seek a Financial Controller to support two major sites at Maidenhead (Berkshire) and Bishop Cleeve (Essex). Reporting to the group headquarters in Oxford, and as a member of the local management team, responsibilities will include:

- Management of the accounting function and all other financial aspects of the business.
- Supporting the group and local management by the provision of information to enable the effective management of the business and control of costs.
- Management of working capital and cash resources.
- Contribution to the commercial management of the UK business.
- Maintaining effective internal controls.

- Preparation of budgets and forecasts.
- Preparation of statutory accounts.

Suitable candidates will be graduate calibre, qualified accountants with at least four years post qualified experience. Individuals must be able to demonstrate strong commercial and organisational skills, a hands-on approach, energy, flexibility and the ability to add value to all levels of a multi-site business. Experience of systems implementation and the distribution sector will be an advantage.

In return, the company offers a challenging environment in which to hone both commercial and management skills, whilst maintaining a hands-on stance.

Interested candidates should write, enclosing a full curriculum vitae, daytime telephone number and details of current remuneration, quoting reference 344119 to Peter Istead, 1st Floor, 40-42 High Street, Maidenhead, Berkshire SL6 1QE.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Tarmac

Finance Director (Designate)

Wolverhampton base £ Competitive Package Neg + Exec Car

Tarmac Topmix has over 900 employees pursuing business opportunities over 10 commercial areas across the UK. With 170 highly focused production units, this dynamic business will sell around £200 million of ready mixed concrete, mortar and screed products this year.

Due to a reorganisation affecting the reporting structure, our client is seeking to appoint a high calibre, progressive Finance Director (Designate).

Responsible for the production of all management information, and management of financial affairs, you will have a total of 50 staff. Whilst a clear internal focus exists on an operational level, there will also be a strong emphasis on interpretation and analysis to the Company Board. The Finance Director will provide close support

to the Managing Director and will liaise with the Group Centre. In addition, the Finance Director will act as an ambassador for Topmix both on an internal and external level.

The successful candidate will possess sound financial management skills but more importantly, will be commercial in focus, credible at a senior level and able to contribute added value and strategic direction. The ideal profile will be a qualified accountant aged probably 35+, with a strong character and experience within a multi-site business or construction related sector.

Interested candidates should submit a CV and covering letter stating current salary to Adam Leao at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD, quoting reference 344137.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Financial Controller

No 1 in Finance with prospects...

Glasgow or C London

£ Negotiable including equity

Our client is a recognised player in the exciting and rapidly expanding global telecommunications market. Providing complex, flexible and innovative solution to the needs of a blue-chip client base, they compete in an expanding niche market. Venture capital backed, our client enjoys a high profile in the market through its success to date and the reputation of the management team.

Reporting to the MD, this is a key appointment to the lean management structure which will require you to think beyond the finance function. The primary objective will be to add value to the commercial decision making process. You will also require the vision, planning and intellectual capacity to manage the phenomenal growth that will occur in the next four years and beyond. Creative solutions will

be required to problems before they occur whilst managing a competent and experienced finance team.

We would expect you to possess a formal finance qualification, a strong academic record and be comfortable with board level reporting. You could be anywhere between the age of 27-45 and have directorial potential. Most importantly however, you should be able to demonstrate entrepreneurial flair and previous success in initiating, influencing and managing change in a dynamic corporate culture.

Please apply in writing quoting reference 341407, stating your preference of location and current remuneration to Guy Stacey at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Head of Finance

Investment Management

City

£ Negotiable

Our client is a rapidly growing international fund management group focused exclusively on investing in emerging markets. It has offices in London and the USA, is regulated by IMRO and is registered as an Investment Adviser with the US SEC and other international regulatory bodies. It manages funds for UK and North American retail and institutional clients.

As a result of their expansion, there is now the need to recruit for a proactive individual to head up the finance function and play a critical role in the company's future development.

Reporting directly to the Board, the successful candidate will be responsible for setting up and running a financial control function, including designing effective management reporting and budgetary procedures, automating all the accounting procedures including implementing an accounting system, keeping abreast of

regulatory issues and training staff on management information issues. He/she will also be responsible for Human Resources and personnel matters.

Candidates must be qualified accountants with a proven track record of running a finance function within the investment management or broking industry. Computer literacy is essential. Strong communication and relationship building skills, coupled with a calm disposition and an ability to work under pressure are imperative.

This is an unrivalled opportunity for a forward thinking individual attracted to working as part of a small but flexible management team. Remuneration package will be negotiable depending on skills and experience. Interested applicants should send their CV, with salary details, to Stephanie Warren at Michael Page City, 39-41 Parker Street, London WC2B 5LH or alternatively, telephone her on 0171 269 2336 for an initial discussion.



Michael Page City

International Recruitment Consultants
London Paris Frankfurt Hong Kong Singapore Sydney



Treasury & Tax Manager

Lancashire

Salary c £35,000 + Car + Share Options

Victrex Plc, a global leader in high performance engineering materials, supply PEEK™ polymer thermoplastic products to a worldwide marketplace. Floated in 1995, following a management buy-out from ICI, Victrex has a turnover of £38 million (97% exported) with a stock market capitalisation of £150 million. Victrex plans to sustain the significant growth it has experienced to date through a 50% increase in production capability and exploiting opportunities abroad.

In order to ensure that they can meet future challenges, they have identified the need to appoint a high calibre Treasury and Tax Manager within the small finance team. This will be a key role within the finance function and will require day-to-day responsibility for tax and treasury matters, reporting directly to the Finance Director. More specifically, you will manage foreign exchange exposures, cash and funding requirements, banking issues and risk assessment. You will also take responsibility

for minimising the companies tax liabilities, both within the UK and overseas.

Ideally candidates will be ACA qualified with at least two years corporate tax experience with exposure to treasury issues in a commercial environment. However, a highly motivated tax professional, who has a hands on approach and wishes to broaden their experience in a commercial environment will be considered. The successful candidate must have excellent interpersonal and analytical skills with a keen desire to get the job done. Practical training in treasury matters will be provided, as will study support for the MCT qualification if not already held.

If you have the qualities to succeed in this dynamic environment, then forward a full curriculum vitae including salary details to Stuart Frost at Michael Page Finance, 4th Floor Clarendon House, 81 Mosley Street, Manchester M2 3LQ quoting ref 343271 or telephone 0161 228 0396.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Finance Manager

Dynamic PR company

London

c £45,000 Package

Our client, one of the fastest growing PR companies in the UK, has been in operation for seven years and has experienced growth of 50% per annum in both of the last two years. With a culture based on exceptional quality of service and driven by a 'hands-on' Managing Director with a loyal, high profile client portfolio, the company's record of success and growth is set to continue. A leading player within the healthcare sector, managed and developed by experienced communication specialists recruited from within the industry, this exceptional organisation works on UK and international accounts, ranging from one-off projects to integrated communications programmes.

This is a key role, providing a great deal of scope for personal development and achievement. Although the latest systems and an effective internal structure are already in place, further enhancements to systems, management reporting and controls are required. Primary responsibilities will include: overall control of accounting and

financial matters, budgeting and forecasting, cash management and as part of the senior management team, helping to drive the business forward with ambitious and successful strategies for growth.

The successful candidate will be a highly computer literate, qualified accountant with at least 3-4 years post qualified experience, ideally gained within an advertising or PR environment. In addition to the obvious technical skills required to undertake a role as challenging and rewarding as this, a commercial outlook, strong communication skills, a good sense of humour and excellent team playing skills are essential. The likely age profile for this role is early to mid 30's.

If you feel you have the necessary qualities and a desire to work for a growing, dynamic company, please apply in writing to David Angel at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH, quoting reference 343272.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

GROUP TREASURY MANAGER

£3 BILLION TURNOVER INTERNATIONAL TRADING GROUP

NETHERLANDS

c.£80,000 + BENEFITS

• Expanding, long established wholesale trading group, one of the top companies quoted in Holland. Twenty operating businesses across the world.

• As a result of significant profitable growth, the Group now wishes to appoint a Treasury Manager, heading a small team, who will be responsible for most aspects of corporate treasury management.

• The Group is highly decentralised with tight financial controls/reporting and a distinct emphasis on growth in shareholder value. Group Treasury acts as an "internal bank" to the clearly focused operating companies.

• Principal activities include implementing new treasury IT systems, effective management of group-wide currency, interest and counterparty risks, banking relationships world-wide, financing and balance sheet management.

• Graduate ACT/MCT, probably aged early thirties, with experience in a senior treasury position as part of a substantial international corporation. Experience of working overseas would be a distinct advantage.

• The position calls for a commercially orientated candidate with considerable personal presence, who will raise the profile of the treasury function, developing strong and effective working relationships across the Group.

Please apply in writing quoting reference 1394 with full career and salary details to:
Nigel Bates
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gbscc.co.uk/whitehead

Whitehead
SELECTION

FINANCIAL CONTROLLER

London

Competitive
Package

The Agency
(London) Ltd

The Agency (London) Ltd is the primary company within a group that represents writers, authors, directors and producers in television, film, theatre, publishing and all auxiliary media markets worldwide. Founded in 1995, many of the clients have been represented through other Group companies since the 1970's and the company is widely acknowledged to be one of the leading agencies in the UK having gained a significant market share and representing many publicly recognised writers.

As a No. 1 finance role, key tasks of this appointment will include:

- Reporting directly to the Board, you will assume immediate responsibility for all management and statutory reporting for a number of Group companies.
- Cultivating strong working relationships with The Agency's clients to facilitate a comprehensive service with regard to their accounts and deal with queries from them, their accountants and agents.
- Providing strategic input to the Board and assisting in their ongoing development plans.
- Taking an active role in all administrative issues of the Group.
- Development and implementation of the Group's IT strategy.
- Leading and developing a small finance team.

Probably aged over 30, you will be a qualified accountant who has ideally gained experience within a media related field such as publishing, TV or advertising. Moreover you will have a strong interest in The Agency's

business and excel in establishing and developing client relationships. You will share The Agency's ethos which can be defined as a very high quality of service combined with a proactive approach to their clients.

With the organisation determined to capitalise on its enviable market position, the opportunity is primed for the successful candidate to make an impact and drive the organisation forward.

Interested applicants should contact Paul Aven on 0171 629 4463 (evenings and weekends 0976 271897) or, alternatively, send a full c.v. stating your current salary to him at Harrison Willis, Cardinal House, 39/40 Albemarle Street, London W1X 4ND. Fax: 0171 493 6187. E-mail: hwgroupt@hwgroupt.co.uk http://www.hwgroupt.co.uk/hwgroupt

HARRISON
WILLIS

Part of the Harrison Willis Group

MicroWAREHOUSE[®]

European Treasury Manager

Newly created position

Bracknell

c £40,000 + Benefits

Micro Warehouse Europe is a \$700 million subsidiary of a \$2 billion publicly quoted US Group and is engaged in the direct sales and marketing of computers and computer peripherals. The business operates across Europe and has experienced exceptional growth, both organically and by acquisition, since commencing full scale operations in the UK, France and Germany in the early 1990's.

In line with this growth, the European headquarters is looking for an individual to set up and control a pan-European treasury operation. Reporting to the US Treasurer and working closely with the European CFO, responsibilities will include establishing and managing:

- Cash management policies and procedures throughout Europe.
- Treasury operations to minimise foreign currency risks in Europe.
- A European netting system.

• European banking relationships to ensure that they are efficient and effective.

The successful candidate will have a minimum of three years experience within treasury and must have a sound understanding of how a European treasury function operates and how it can impact on the company's performance. Specific experience will include cash management, intercompany netting, foreign currency hedging and cross border payments.

Strong communication skills must be combined with independence, maturity and commercial awareness, and above all, adaptability as the role is certain to broaden and develop as the business ambitions are realised.

Interested candidates should forward their curriculum vitae to Anthony Spratt ACMA at Michael Page Finance, 33 Blagrove Street, Reading, Berkshire RG1 1PW, quoting ref 341115.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide



International Finance and Programme Services Director

Oxford

Oxfam is an international relief and development agency, employing over 3,000 staff and 30,000 volunteers working in more than 70 countries worldwide. Oxfam's primary objectives are to relieve poverty, distress and suffering; to educate people about the nature, causes and effects of poverty; and to campaign for a fairer world. The International Division is responsible for the delivery of Oxfam's \$90 million worldwide programme.

Reporting to the International Division Director, the postholder will be a key member of the Senior Management Team sharing responsibility for the strategic and change management of the division. Key tasks will include:

- Developing and implementing a financial strategy for the Division and ensuring accountability and strong financial management.
- Providing leadership to a department of Finance, Human Resources, IT and Strategic Planning professionals.
- Developing resource allocation systems.

£35,000 + Bens + Relocation

Integrated MIS and strategic financial management systems.

The successful candidate will be a qualified accountant, ideally with proven strategic and change management skills in a complex organisation. In addition to strong technical accounting and IT development skills, they will be an effective communicator with the ability to lead and develop a large multi disciplinary team. Experience of working in a non-profit making organisation is not essential but a commitment, sympathy and interest in the work and values of Oxfam is crucial.

The post is offered as a 3 years fixed term contract.

If you are interested in this position, please send a curriculum vitae including details of current package to Stephen Rutherford at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Fax: 0171 831 6293.

Oxfam and Michael Page are committed to Equal Opportunities.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

GROUP FINANCE DIRECTOR

FMCG/Toiletries

North West

c £55,000 + Car + Benefits

Our client is a well established £16 million turnover group engaged in the manufacture of soap and toiletries supplying markets in over 65 countries worldwide. They have a successful record of profit generation and seek to appoint a high calibre Group Finance Director to play a key role in achieving exciting future strategies incorporating organic and acquisitive growth.

THE POSITION

- Report to the Managing Director and assume full responsibility for all aspects of financial management.
- Develop information systems and procedures to facilitate control and provide meaningful management reporting.
- Evaluate opportunities for corporate development and develop business strategies to deliver profitable growth.
- Assume a general management role with one of the group's operating divisions.

QUALIFICATIONS

- Qualified Accountant, aged 35-45, with a track record of achievement at a senior level.
- Experience gained within a manufacturing environment, with an appreciation of international business.
- Strong strategic and commercial awareness with the intellect and vision to create and innovate, balanced with a practical, results focused style.
- Exceptional leadership and interpersonal skills with high levels of drive and tenacity along with a strong team orientation and a desire to succeed.

Interested candidates should write, enclosing full career and current salary details, to the advising consultant, Stephen Banks, Questor International Limited, Eagle Court, Concord Business Park, Thrapwood Road, Manchester M22 0RR, quoting reference 2211. Email: Stephen@questorint.com



QUESTOR INTERNATIONAL

CHIEF OPERATING OFFICER

Worldwide Business

This is a rare opportunity with a fast growing market leader, who is a well funded, autonomous subsidiary of a major "blue chip" international organisation. They have an enviable reputation in the development and distribution of their consumer products. With their continuing growth programme they now require you to provide the credibility and momentum to spearhead their financial and management systems and position the company for an early IPO.

Reporting to the President and CEO you will:

- Act as CFO to provide strong financial controls and effective management information
- Audit/enhance existing systems to exceed the financial market's expectations
- Devise, implement and manage the strategy to achieve the listing
- Manage all financial aspects as well as company presentation to the UK and US analyst and investor market

UK and International

c.£100,000, bonus, excellent benefits

You will already have been successfully involved, individually or in a team, in achieving the above objectives. With London and New York financial markets experience, you will be in a position to present, persuade and promote the company, both nationally and internationally.

Interested candidates should write with full CV, quoting current rewards package, to Helen Mountain, Hoggett Bowers, Amethyst House, Spring Gardens, Manchester M2 1EA, Tel: 0161 831 3322, Fax: 0161 832 0089, quoting ref: MHM/10880/ST.

Hoggett Bowers

EXECUTIVE SEARCH & SELECTION



NEWLY/RECENTLY QUALIFIED ACCOUNTANT

BLUE CHIP CORPORATION

CENTRAL LONDON

This £1 billion turnover International Services Group boasts an impressive track record of achievement over the last three decades. Long admired for the calibre of its people, the average age of its 4000 employees is around 34 thus ensuring a vibrant and energetic atmosphere. Operating in North America, Australia, the UK and South East Asia recent initiatives have been implemented which will take the organisation successfully into the next millennium.

This key appointment has materialised at an exciting and critical time in the Group's development. Working in the European Head Office, the role is an outstanding opportunity for an ambitious accountant. The specific duties will be broad-based and varied involving exposure to a variety of the

Company's operations.

The successful individual will assume responsibility for the following:

- Preparation of Annual Financial Statements (both under UK and International GAAP)
- Identifying and implementing improvements to the Financial Information Systems
- Tax and Treasury management
- Liaison with the Company's external advisors
- Ad hoc projects

Candidates will be qualified chartered accountants, either still in public

practice or with a maximum of two years' commercial experience.

Strong communication skills, coupled with the desire to work within a lean commercial organisation with little of the bureaucracy that cripples its competitors, are essential.

As one would expect of an organisation of this stature, career prospects are unparalleled, including the opportunity to transfer internationally.

Candidates should contact Janet Arnold ACA at Robert Walters Associates for an informal discussion. Tel: 0171 379 3333. Alternatively send a copy of an updated CV to her at 10 Bedford Street, London WC2E 9BE. Fax: 0171 915 8714. Email: janet.arnold@robertwalters.com

ROBERT WALTERS ASSOCIATES

KPMG

Director of Strategic Development

- Central London
- c. £70,000 + benefits

Our client is a specialist publishing group active in travel, UK consumer titles, communications and IT and video. Formed from the recent reverse take-over of another Plc, the enlarged group continues to build on the success of its core publications whilst also developing new products and exploiting changes in technology.

Due to the pace of organic growth plus plans for significant additional acquisitions there is a need for a high calibre finance professional who is capable of liaising with the City and leading the business through its next phase of development.

Reporting to the Group Managing Director you will play a key role in the development of the business by advising on the financial implications of commercial strategy including the structuring of acquisitions. You will be expected to develop

strong relationships with external advisers and to liaise with the City on a regular basis.

The successful candidate will be an ACA who is likely to be aged between 35-40. You must have excellent written and communication skills and the presence and maturity to carry out this demanding role. An adaptable and flexible approach is also required in this relatively young and informal working environment. Prior exposure to the City and acquisitions are important - this may have been gained in a small Plc or in a strategic role at group level of a larger organisation. This is an exceptional opportunity for a commercially astute accountant to join a small but dynamic Plc.

Interested candidates are requested to apply in writing with full career details, including salary, quoting reference B3004, to Janina Harper, KPMG Selection & Search, 1-2 Dorset Rise, Blackfriars, London EC4Y 8AE.

KPMG Selection & Search

International Auditors

Munich/Folkestone based

Highly competitive packages

Thinking globally and acting locally - nowhere does this principle hold more firmly than in the reinsurance business. It's precisely our global strength combined with a secure anchor in the local market that has determined the success of ERG Frankona. As a member of the ERG Group, and ultimately of GE Capital, we can draw upon the expertise of a worldwide corporation in our bid to offer solutions that meet the complex challenges facing us in our markets.

Our Audit team is part of a young, dynamic department that is evolving to meet the needs of the business. The team is international, and focused on adding value across the group, designing and deploying financial and operational initiatives which impact our bottom line. We now require three additional members to strengthen this team; one to be based in Folkestone, Kent, with a presence in London, and the other two to be based in Munich. All positions will have an international dimension, which should involve less than 40% travel.

This is an outstanding opportunity to join a key company within the global GE Capital Group and make a genuine impact on an international expanding business. It's a role

that will challenge your talents to the full, giving you responsibility for operational audits, special investigations and internal consultancy. You will also undertake audits of group companies and branches, and take on various projects under development/implementation.

The challenges involved are high and the pace of change is dramatic. Success in this environment, however, will pave the way for wider career development within ERG Frankona or alternatively GE Capital. We are interested in qualified Accountants with up to three years' post-qualification experience. Allied to this you will possess a strong academic background and a natural ability to work in a fast moving multi-cultural environment. A knowledge of German, whilst not essential, would be preferred for the Munich based positions.

Please contact Robert Macdonald, stating current remuneration and quoting reference number REF10826, at Nicholson International (Search & Selection Consultants), Brunton House, 34-36 High Holborn, London WC1V 6AS. Alternatively fax your details on 0177 404 8128 or e-mail on robert@nicholsonintl.com



GE Capital

ERG Frankona

c. £50,000 package
+ benefits

FTSE 100 Plc

Midlands

Deputy Treasurer

Key role for a talented and ambitious treasury specialist at the heart of this highly rated and successful corporation. Maintain a proactive and professional treasury function to support the board of this international service provider, as it underpins a strong position in its core market by continuing to move into synergistic areas in an increasingly competitive sector.

THE ROLE

■ Responsible to the Group Treasurer. Key member of close-knit team with total accountability for Group financing and interest and exchange rate exposure management.

■ Influence the development and execution of forward-looking policies on a wide range of issues. In particular new funding sources, both in the UK and overseas, interest rate and foreign exchange risk management.

■ Build close, effective links both internally with operating divisions and externally with bankers and advisers. Ensure that all systems and procedures remain robust yet sufficiently flexible to meet the needs of this fast-changing business.

THE QUALIFICATIONS

■ Graduate, possibly MBA, with ACT qualification and probably an accountant by background. At least three years' corporate treasury experience, ideally at number two level within a substantial multinational organisation.

■ Strong all-round technical competence in the techniques and instruments for managing interest and currency exposure. Record of contributing proactively to a treasury function. Enthusiastic self-starter able to balance risk minimisation with creative solutions.

■ Effective team player with obvious leadership potential. Understanding of how to develop others and capable of building relationships at the most senior level. Tough minded and focused on objectives, yet flexible and able to influence others.

Leeds 0113 230 7774
London 0171 298 3333
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref: F11104077,
Aldgate Court, 6 Grosvenor Gardens, 1st Floor,
London W1A 3QJ

c. £70,000 package
+ benefits

Quoted Plc

Yorkshire

Group Financial Controller

Exceptional opportunity as a member of a small Head Office team directing the growth of a profitable c. £500 million international manufacturing business. Substantial growth, acquisitions and a major capital investment programme have created the need to review and modernise management and financial reporting across the Group to underpin continued expansion. Excellent career development step for an aspiring plc FD.

THE ROLE

■ Report to the Group FD, responsible for all statutory and management reporting and control. Oversee the planning and budgeting cycle and develop technical accounting excellence across the Group.

■ Drive the implementation of new management reporting systems and provide comprehensive financial service to the Group Board, businesses and international functions.

■ Appraise and monitor the substantial capital expenditure programme. Conduct business evaluations and provide financial advice on varied projects.

THE QUALIFICATIONS

■ Ambitious and commercial graduate accountant, probably mid 30s with an impressive track record in ideally Head Office and operating company roles in a progressive international manufacturing or process industry.

■ Robust and perceptive analyst with a strong technical and MIS background and high performance standards. Able to lead and motivate a team.

■ Intellect and flexibility to learn quickly with the appropriate communication and interpersonal skills to operate in a down-to-earth, 'hands-on' environment.

Leeds 0113 230 7774
London 0171 298 3333
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref: F11104077,
Aldgate Court, 6 Grosvenor Gardens, 1st Floor,
London W1A 3QJ

Assurance & Advisory Services**Career Opportunities for Innovative Systems Professionals**

UK & International Locations – UK to include London, Birmingham, Bristol, Leeds, Manchester and Scotland

To £60,000 + Comprehensive Benefits Package

■ Ernst & Young is one of the world's leading professional services organisations employing 70,000 people in 670 offices across 130 countries. We are committed to delivering an outstanding service to our clients who include over 20% of the world's top 1,000 companies, more than any of our competitors.

■ Our clients are highly reliant upon increasingly complex information systems. These systems present significant risk to clients who are looking for assistance in assessing and managing this risk. We are meeting these needs by further expanding our professional team who deliver first class service in the following areas:

– Assurance Support & Services – providing assurance to management on a range of IT related matters. These include supporting external audit work, advising on IT strategy and operations and performing pre-implementation reviews, internal audit support, service auditor reviews, due diligence reviews and Year 2000 reviews.

– Information Security Systems – improving and re-engineering information security processes and assisting in the development and review of business continuity arrangements.

– Application Controls Consulting – ensuring that adequate levels of controls are implemented in the design and delivery of business applications. In particular, our teams include individuals who are knowledgeable in SAP, Bean Triton, Oracle Financials and Peoplesoft.

■ Your background might include systems analyst, security analyst/officer, project manager or IT auditor. You will have the intellectual ability to understand our clients' businesses and to generate and effectively present commercial solutions. While technical skills and sector knowledge are highly valued, creative thinking, intellectual stamina and the ability to work in teams and build effective client relationships are also key attributes.

■ Your prospects are limited only by your potential. Scope exists to progress to partnership and/or specialise in a particular sector or technical area. You will benefit from an extensive and continuous training programme, broad-based experience, the opportunity to work with high calibre colleagues and a mentoring scheme designed to enable you to flourish in a professional services environment.

To register your interest in these outstanding career opportunities please contact our advising consultant Ian Coyle on 0171 936 2601, evenings 0171 254 2571, fax 0171 936 2655, E-mail ic@barclaysimpson.co.uk or write enclosing a CV and quoting ref: AS12 to Barclay Simpson Associates Ltd., Hamilton House, 1 Temple Avenue, Victoria Embankment, London EC4Y 0HA.

ERNST & YOUNG

The United Kingdom firm of Ernst & Young is a member of Ernst & Young International.

CORPORATE FINANCE DIRECTOR

Required by International Financial Services company based in Brussels and London.

You will be a UK qualified accountant with a minimum of 15 years experience with an international company.

Experience of liaison with banks worldwide and reporting to a Board or Chief Executive essential.

You must be free to travel.

Knowledge of a second European language would be an advantage.

Salary and package will be commensurate with experience.

Please write with full CV to Ref: CFD,
85 Cromwell Road,
London SW7 5BW

Finance Director**US Multinational – Automotive Sector**

c.£70,000 + Car + Benefits

South East

Key appointment in dynamic fast growing European subsidiary of US multinational for commercially focused change manager.

THE COMPANY

■ High-profile subsidiary of rapidly expanding US Multinational conglomerate. Group operations throughout Europe, US and Pacific rim. Group turnover c.£100m.

■ Customer-focused division manufacturing and supplying to the automotive sector throughout Continental Europe and emerging markets. Leading-edge manufacturing processes pioneering future direction of group business worldwide. Divisional turnover c.£300m.

■ Considerable scope for finance to impact on corporate and divisional strategy working alongside Pan-European commercial management.

THE POSITION

■ Management responsibility for Finance and IT. Drive improvement in management information in support of developing business structure and customer requirements. Champion right financial control business-wide increasing profitability on tight margins.

■ Devise and implement finance and IT strategy. Maximise the effectiveness and application of business information in pursuit of commercial objectives.

■ Actively participate in strategic direction of business unit. Develop effective partnerships with engineering, manufacturing and customer operations around Europe. Report to Divisional General Manager.

QUALIFICATIONS

■ Graduate qualified accountant/CMA with minimum of fifteen years' experience. Multinational pedigree including exposure to high volume manufacturing. Track record of change management and improving financial and business control in cost focused industry.

■ Commercially astute and technically excellent. Comfortable in international environment operating at executive level. Proactive and innovative approach with consistent profit focus. Ability to assume general management responsibility including information technology.

■ Exceptional interpersonal characteristics demonstrating leadership and the ability to influence at all levels through assertiveness and diplomacy. Proven manager and motivator at senior level. Highly ambitious.

Please send full cv, stating salary, ref LG704H4, to NBS, 54 Jermyn Street, London SW1Y 6LX

Fax 0171 409 1786 Tel 0171 493 6392

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NBS Selection – London



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Interested candidates should send their CV, stating current remuneration, to Robert Macmillan or Ross Barnard at Nicholson International (Search and Selection Consultants), Bracton House, 34-36 High Holborn, London WC1V 6AS. Please quote ref No. UJK989. Alternatively fax your details on 0171 404 8128 or e-mail ross@nicholsonintl.com.

NICHOLSON INTERNATIONAL

Australia Austria Belgium Brazil China Czech Republic France Germany Holland Hong Kong Hungary India Israel Italy Poland Portugal Singapore Spain Sweden Switzerland Taiwan Thailand Turkey USA

EMERGING MARKETS RESEARCH – TURKEY**Competitive Remuneration Package**

London

An analyst is required to join an emerging markets team within a successful and expanding investment bank.

The role will involve the production of research, on listed companies, and marketing to our international client base.

The successful candidate will be degree educated, in a business-related discipline preferably gained from a leading international university. The successful candidate should have a minimum of 2 years' experience in the research of leading listed Turkish companies. Preference will be given to candidates with significant experience gained in both local and international research houses.

Written and spoken fluency in English and Turkish is essential.

Applications should be sent to: PO BOX T26620.

EMERGING MARKETS RESEARCH – TURKEY**Competitive Remuneration Package**

London

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Written and spoken fluency in English and Turkish is essential.

Applications should be sent to: PO BOX T26620.

Hanson



EUROPEAN FINANCIAL CONTROLLER

Based Zeebrugge, Belgium

Attractive salary & bonus

ARC Marine Ltd is a member of the Hanson Group which also comprises Cornerstone, Hanson Brick, Desimpel, Grove Worldwide and Hanson Electrical. It is active worldwide in building materials and equipment. ARC Marine is the European leader of the marine aggregate mining industry. The company has subsidiaries located in the UK and Continental Europe from which it applies specialist knowledge to the development of new projects in Europe and throughout the world.

THE ROLE

- Enhance the efficiency of the expanding European Finance Function, managing a small team to deliver a state of the art accounting, administration and management information service to our operations in Belgium, France and The Netherlands.
- Implementation and maintenance of accounting policies and systems in accordance with current regulatory and statutory requirements, ensuring best practice is achieved.
- Ensure timely preparation and reporting of consolidated financial statements for five continental subsidiaries, including monthly management accounts, budgets and forecasts.
- Monitor actual cashflow, working capital and total capital employed against budget and prepare monthly performance reports.
- Identification and evaluation of investment opportunities.

THE PERSON

- Graduate, qualified accountant with a minimum of two years' post qualification experience, ideally gained in an international group environment, although we will also consider candidates seeking a move from a Big 6 firm.
- Excellent organisational and people skills to allow successful liaison at all levels of the business whilst ensuring stringent financial controls in all operational areas.
- Proactive personal style with a sense of humour which is not impaired when working in pressurised situations.
- Familiarity with Belgian accounting and reporting practices, together with fluency in Dutch is a distinct advantage.

We are seeking an exceptional candidate with strong commercial acumen and the personal presence to command respect throughout the business. This is a challenging position in a dynamic, international environment where reward and progression is limited only by personal ability.

Interested candidates should submit a CV, together with current salary details, to Karen Paige at Paige Consulting, PO Box 276, Foster EX3 0YE. Tel: (01392) 876754. Fax: (01392) 877927. Email: paigecoon@edipac.co.uk

PAIGE CONSULTING
EXECUTIVE SEARCH & SELECTION

GROUP CHIEF FINANCIAL OFFICER

(Main Board Director)

- We are a major European transport group with Headquarters in the UK and locations throughout the EU.
- We expect current year sales to exceed £100M.
- Our continued expansion and current reorganization necessitates the appointment of a top rank CFO. This will be a newly created post, and the successful candidate will join our other three Main Board Directors to assume full responsibility for the Group's continuing prosperity.
- The position will only be filled by a candidate of experience and abilities of the highest level. The remuneration, including a significant performance related element, will reflect the importance of the position.
- All applications, in form of letter and CV, marked 'Private and Confidential' will in the first instance be passed to our independent Human Resource Consultant who will undertake not to pass on applications which proscribe this organization. All other applications of interest will be discussed only with our Chief Executive Officer prior to contacting eligible candidates.

Apply to Box A5399, Financial Times,
One Southwark Bridge, London SE1 9HL

PARTNERSHIP/GROUP ACCOUNTANT

c.£35k plus benefits

West End

Our Partnership Accountant will be retiring later this year and as a consequence we will need to recruit her successor. As one of the UK's leading chartered surveying practices with 29 partners and 240 staff throughout the UK and abroad and renowned for providing high quality advice to our clients, we require a mature, "hands on" management accounting professional to head our London-based accounts team.

Reporting formally to the FCA-qualified Director of Finance & Administration, responsibilities will include the preparation of management reports and accounts for the Partnership, 3 UK-based subsidiary companies, 2 overseas operations (based in Poland and Hong Kong), and the staff pension scheme, while ensuring that all the firm's financial systems operate effectively in support of the Partnership and its clients.

A graduate (or equivalent) with a relevant professional qualification eg. ACA or ACCA, you must have at least 5 years' post qualification professional partnership accounting experience. A demonstrably successful record of preparing partnership and group accounts will be accompanied by good report writing and excellent spreadsheet skills.

This is a key, demanding, and challenging position which, in addition to professional qualifications and technical skills, will require personal resilience, the ability to meet strict deadlines and a total commitment to the highest standards of performance and professionalism. A robust personality with a good sense of humour is a prerequisite.

To apply and/or to receive a detailed job description, please write with a full CV (including your remuneration expectations) to Mike Foulds, Personnel Manager, at the address below. Applications should arrive no later than Friday 9 May 1997.

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the world's number-one brand?"



Operations Finance Manager

North Dublin

Comprehensive Package

Coca-Cola remains unquenchably thirsty - thirsty for more ways to reach more consumers in more places with more of our products. Our factory in Ireland plays a major role in the process, producing and distributing concentrate to over 75 countries across Europe, the Middle East and Africa. In addition, high levels of financial and commercial performance are required to ensure the promotion to our Atlanta headquarters of an outstanding finance professional for a senior position. Reporting directly to the Director of Finance, you'll lead a team of 10 and have responsibility for providing high quality financial and management information. This includes regular budgeting and detailed costing and ongoing logistics and inventory control. Additionally, there will be significant responsibility for ensuring that all financial commitments occur on a day-to-day basis, requiring a hands on, flexible approach and the ability to "see the wood from the trees".

You will be a qualified accountant with several years experience as a controller in a multi-national subsidiary with tight reporting deadlines. You will have a strong knowledge of GAAP, taxation legislation and multi-currency environments. You will have a strong ability to manage a team of 10 and be looking for a high potential with the potential to progress into a senior financial or general management role. You will have a minimum of 5 years' experience in a similar role and a minimum of 2 years' European language ability would be a clear advantage and a bonus for moving internationally. Any previous international experience would be a further benefit.

Comprehensive executive benefits complete the attractive opportunity. Please apply, enclosing a full CV and remuneration details, to our consultant Jonathan Jones at Jones Christopher. Please quote JC2810 on all correspondence.

Initial interviews will be held in both London and Dublin. Any CVs sent directly to Coca-Cola will be forwarded to Jones Christopher.

JONES • CHRISTOPHER
FINANCIAL RECRUITMENT CONSULTANTS

Jones Christopher, 4th Floor, Linen Hall, 162-168 Regent Street, London W1R 5TB. Tel: 0171 306 3202. Fax: 0171 734 6280.

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Europe's leading investment banks."

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Professionals

EUROPE - NORTH AMERICA - ASIA

SBC Warburg's commitment to innovation, progression and client focus has resulted in its dominant position within the European and International Global Capital Markets and Investment Banking arena.

The success of SBC Warburg has been achieved by maintaining an impressive market share in the securities, derivatives and treasury markets. This level of excellence relies on recruiting the highest calibre of staff across all product ranges as well as investing in state-of-the-art technology.

The Operations Development Team is crucial in providing multi-product support to all key global business areas. The group's main responsibility is project management in relation to systems development, business process re-engineering and change management issues. The team works very closely with both the business areas and the IT group, utilising leading-edge technology to resolve operational issues.

In order to provide support to a major global cross-product re-engineering programme, they are now looking to recruit several key individuals predominantly in London, but also in New York, Hong Kong, Singapore and Tokyo.

SBC Warburg would be particularly interested in speaking to high-calibre candidates who possess proven project management techniques, a strong delivery focus, a structured and analytical approach to their work and problem-solving skills. Of particular importance is the ability to liaise with all levels of staff and demonstrate credibility with various Heads of Department.

Candidates of interest are either currently performing a similar role elsewhere, or have a management consultancy background with experience in the Financial Services sector (ideally investment banking). Qualified ACAs with a strong systems bias would be strong contenders. Candidates are invited from overseas marketplaces, and those recruited in London will benefit from opportunities to participate in international secondments.

These positions represent an ideal opportunity for ambitious individuals who possess the above characteristics to move into a highly meritocratic team, recognised throughout the group as a springboard into senior management. Salaries and benefits will reflect our position as a major player in the City. Interested applicants should contact Neil Eije or Anne Tinsley at Michael Page City on 0171 269 2306. Alternatively, please send a full curriculum vitae to them at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5JH. Fax: 0171 405 9649. Please quote reference 288874.

An international business opportunity within a FTSE 100 Company

FINANCE DIRECTOR

£70,000 Package

London Based

The Organisation

- A commercial, service driven organisation who are UK and European market leaders
- Born out of the UK, the business has substantial overseas operations
- An autonomous division of a highly successful FTSE 100 Group
- Significant growth has been experienced with exceptionally strong profits and there are plans to further increase market share over the next three years

The Role

Reporting to the Managing Director, and with a staff of 15, your brief will be to support and control the business through further expansion in the UK and on the Continent.

Responsibilities include:

- Ensuring tight financial control with responsibility for all aspects of company finance at both an operational and strategic level
- Proactive contribution to the achievement of corporate objectives in the development of turnover and profit through continual improvement and the organised growth of the business
- Promotion of financial and commercial awareness across all disciplines and at all levels, ensuring a 'customer-led' focus is prominent

It is anticipated that approximately 30% of time will be spent overseas with the international operations.

The Appointee

This is a prime opportunity to drive forward the growth of the division and then further develop your career within the Group. Future career potential is a key consideration when making an appointment to this role. As well as being a professionally qualified Accountant with a sound academic background, attributes sought will include:

- Strong operational and financial skills and first class business acumen
- A definite commercial awareness that can be applied in this customer driven organisation
- A proactive approach to problem solving with a grasp of both commercial and financial issues
- Outstanding communication skills to work effectively throughout the division

Experience of international operations is desirable.

To apply, please write enclosing your CV and current salary details to our Retained Consultant, Lynn Walters at Hays Executive, Janus House, 46 St Andrews Street, Cambridge CB2 3AH. Tel: 01223 324323. Fax: 01223 362399.

Hays Executive
STRATEGIC SEARCH & SELECTION

FT
FINANCIAL TIMES

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GROUP PLANNING & ANALYSIS MANAGER

To £70,000 + BONUS + CAR

OXFORDSHIRE

This is a new role at the hub of a leading British plc, with a major world presence. Our client is a specialist engineering group with a turnover approaching £2bn and over 180 profit centres worldwide. It has a clear strategy of organic expansion and targeted acquisitions within its core business areas and this has brought significant growth in profit and market capitalisation.

The Planning and Analysis Manager will have significant Board level exposure, and will liaise closely with Financial Controllers throughout the group. The brief will be to analyse and report on business performance and trends on a worldwide basis, highlighting potential problems and initiating solutions. It will also entail active participation in business expansion projects, including capital expenditure appraisals and acquisition investigations, all with a focus on increasing shareholder value.

This high profile role requires a top-flight individual with strong professional and personal credibility. Candidates must be qualified accountants with a good degree. They should have at least five years' experience in a major international manufacturing company and be able to demonstrate a strong grounding in financial analysis, financial appraisal and cost management techniques. We are seeking an ambitious, energetic individual with an analytical mind, commercial flair and well developed influencing skills. For such a person this appointment will provide variety, challenge, real career opportunities and a generous negotiable remuneration package.

Please reply in confidence, enclosing your CV and current salary details to Paul Carosso at Howgate Sable & Partners, 35 Curzon Street, London W1Y 7AE, quoting ref: FT457P.

Visit our web site at <http://www.xpjobs.co.uk/howgate>



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Courtney Anderson on +44 0171 873 4153

Career Opportunities in Public Sector Audit

Our client is a public authority in the United Arab Emirates conducting financial audits of government departments and government related organisations. The Authority is seeking to recruit qualified Arabic speaking accountants in the following positions:

- **Audit Manager** ■ **Senior Auditor**
- **Assistant Audit Manager** ■ **Auditors**

The ideal candidates will possess the following qualities:

- keen analytical skills;
- ability to identify issues and recommend solutions;
- developed awareness for detail;
- ability to prepare clear and concise reports;
- make effective oral presentations;
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- able to work as a team member to achieve tight deadlines; and
- knowledge of personal computer skills.

Candidates for the managerial and senior auditor positions must be CA, CPA or CIA qualified. Leadership and human resource management qualities are considered essential for these positions. The likely age of suitable candidates will be 30 to 45 years. Candidates for the managerial positions should have seven to ten years experience, five of which should be in a similar management position. Senior auditors should have a minimum of three years post qualification experience.

Candidates for the remaining auditor positions should possess an accounting degree with at least three years experience. The likely age of suitable candidates will be 25 to 35 years.

Fluency in Arabic and English is a necessity and Middle East experience in public sector auditing is an added advantage.

The remuneration packages offered will be commensurate with the successful candidates' experience and qualifications. The packages will be market competitive for the Middle East. Expatriate benefits including accommodation, leave fares, education allowances and generous annual leave are also offered.

Only candidates who meet the above prerequisites should apply. Please address your current CV with your photo and remuneration expectations before 24 April 1997 to the Director of Human Resources, Ernst & Young, PO Box 136, Abu Dhabi, United Arab Emirates or by fax on 00 9712 722968. Only shortlisted candidates will be contacted.

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The Qualifications

- Qualified accountant with at least 5 years post qualification experience, preferably within a consumer goods distribution environment
- Highly computer literate with excellent spreadsheet skills
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If you are interested in participating in the growth of our company, please write enclosing full career and current salary details to: Barry Green, Finance Director, Pourshins Plc, 4 Gilling Way, Great South West Road, Feltham, Middx. TW14 0PH

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Interested applicants who meet the brief should send their CV together with details of current remuneration and a day time telephone number to Christopher Elliott or Tony McKiddie quoting reference no. 1440 at Kidsons Impey Search & Selection Ltd, 29 Pall Mall, London SW1Y 5LP
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Interested applicants should apply to David Magowan or Richard Draper, enclosing an updated CV, at Robert Walters Associates, 10 Bedford Street, London WC2E 9RE. Tel: 0171 379 3333, Fax: 0171 915 8714.

Internet: david.magowan@robertwalters.com

Unsolicited CV's will be forwarded to Robert Walters Associates.

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Interested candidates should write promptly to Mark Rowley at Herst Austin Rowley,

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Email: mark@herst.co.uk

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You will ideally be a graduate qualified accountant with a financial services background and have experience of dealing with regulatory issues during the last three years.

Additionally, you should possess a creative and proactive working style, the ability to manage staff, with the desire to join a leading institution where you will have the chance to impact upon the business.

For further details, please contact our advising consultant Gary Hall at Hall Alexander on 0171-240 2101 quoting Ref: GH1070 or write to them enclosing a CV to the address shown below.

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Marketing Manager

To develop and implement marketing strategy and to promote company and Brand awareness internationally with particular emphasis on the UK and mainland Europe. This is also a "hands-on" role and will work closely with present and potential partners on the Business Technology Distribution and Implementation fronts.

Candidates must have at least four years' management experience of marketing including corporate and brand promotion. A substantial amount of the experience should have been gained in the software products industry and/or Financial Services. (Ref: EX86144)

The remuneration package will be designed to suit top class candidates and there are prospects of share ownership in the Company. Please write, stating how you meet the requirements and enclosing a CV to Kevin Ensey, HAY-MSL Management Consultants, Newmount House, 22-24 Lower Mount Street, Dublin 2. Please quote the relevant reference number.

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The Role

- Main Board responsibility for finance, IT (including telecommunications) and Personnel. Influential in the company's commercial strategy and development.
- Lead effectively Finance, IT & Personnel teams. Report to Managing Director.
- On-going improvement and delivery of accounting, reporting and management information systems to meet the business needs.
- Other key tasks include: Cash Management, Budget and Forecasts. Manage relationships with external professionals.

Please apply in writing, enclosing full CV, quoting reference number LB4M1.

The Candidate

- Graduate Qualified Accountant, preferably Chartered. Age mid/late 30s. Successful track record in a fast moving and demanding environment.
- Team player, pro-active with a persuasive style. Self motivated, lead by example, able to set demanding yet obtainable targets.
- Commercially astute, tough negotiator with excellent interpersonal skills. Effectively contribute to the Board.
- Technically excellent, computer literate with knowledge of implementing systems.

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- to act as a personal centre of excellence by offering high level advice and guidance to development teams both from business and systems development perspectives.
- to meet our customers regularly to discuss new initiatives which will have a high impact on our businesses.
- to supervise senior analyst-programmers each responsible for managing small to medium sized projects.

Candidates will...

- be educated to degree level standard and have a minimum of 5 years' experience working in a banking/securities house or financial software house environment, of which no less than 2 years must have been spent in a project manager/leader role.
- possess a sound knowledge of financial markets products, preferably with an emphasis on debt and equity instruments.
- have a broad appreciation of the accounting principles and practices accompanying various financial products.
- offer excellent business analysis and design skills accompanied by project management experience which has been proven in either an AS400 or Unix environment and which is supported by familiarity with formal methodology tools.
- be willing to travel abroad on an occasional basis.

For more information, please contact Kevin Higgins or Roger George on 0171 947 7444. Alternatively, send your CV, quoting reference CHFT25, to McGregor Boyall Associates, 114 Midland Street, London E1 3JL. Fax: 0171 247 7476, email: khiggins@mcgregor-boyall.co.uk

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COMPANIES AND FINANCE: EUROPE

BBV exceeds expectations for quarter

By Tom Burns in Madrid

Banco Bilbao Vizcaya, the big Spanish banking group, continued its strong earnings growth with first-quarter attributable net profits ahead of market estimates at Ptas24.7bn (\$170m), and 24.8 per cent up on the first three months of 1996.

Mr Luis Bastida, BBV financial director, said the growth was based on the consolidation of the bank's business in Spain, where its assets

had grown in quantity and in quality, and on the growth of the group's subsidiary banks in Latin America.

The first-quarter results suggest that BBV, the largest domestic bank in terms of stock market capitalisation, will comfortably surpass its target to lift the Ptas104.3bn net attributable income of 1996 by 10 per cent.

The group's net interest income rose 24 per cent to Ptas123.6bn, mainly because of the contribution

of its banks in Argentina, Colombia, Mexico and Peru, where banking margins are high.

Excluding its Latin American affiliates, BBV lifted its net interest income 3 per cent - above the average growth figure for the domestic banking sector - to Ptas93.6bn.

The income growth was fuelled by a 35 per cent rise in fee commissions to Ptas42.9bn, which included commissions from the Telefonica issue in February for which BBV was a global co-ordinator; and prof-

its from treasury trading, which grew 159.9 per cent to Ptas13.1bn. Mr Bastida said all the group's business units had performed positively.

The Latin American banks contributed Ptas10.4bn to BBV's pre-tax group profits of Ptas7.7bn.

The total was 35.6 per cent up on the first quarter last year. The Latin American contribution is set to increase, in part because BBV acquired a bank in Venezuela earlier this year but mainly

because it believes continuing high margins in Latin America allow room for increased cost efficiency. BBV raised its bad and doubtful loan provisions 24.2 per cent to Ptas27bn.3bn.

Doubtful loans totalled Ptas260.7bn, some Ptas30bn up on the total at the end of the first quarter last year. But excluding Latin America, they fell by more than Ptas37bn to Ptas159bn.

Coverage for the group's global lending stands at 105.6 per cent.

EUROPEAN NEWS DIGEST

Bid battle for BNbank hots up

The battle between Norway's Den norske Bank and Fokus Bank for control of BNbank, a mortgage lender, has intensified. DnB raised its bid from Nkr207 to Nkr209 a share, following its recent purchase of BNbank share options which took its stake to 37 per cent. The move was intended to smooth out a disparity in the price paid to option sellers and its offer to shareholders, DnB said.

At the same time, Fokus, which holds a 10 per cent stake in BNbank, demanded that next week's annual BNbank shareholders' meeting consider its merger plan. BNbank's board has named DnB as preferred bidder, refusing to consider the Fokus approach before shareholders decide on DnB's proposal. Fokus is unwilling to accept DnB's offer, which is conditional on 90 per cent acceptance. *Greg McKee, Stockholm*

Gdynia to appoint adviser

Poland's Gdynia shipyard, which reported a 115m zlotys (\$37m) net loss last year, will soon appoint an adviser to help place a share issue aimed at financing its modernisation plans and reducing its debt. The move follows a decision last week by the yard's owners - which includes Bank Handlowy, which is soon to be privatised, and the state treasury - to open the issue up to all bidders. This appears to represent a switch from the government's original plans, announced last month, to merge Gdynia with the successful Szczecin yard, on the German border. *Christopher Bobinski, Warsaw*

Hapag-Lloyd posts 16% rise

An improvement in the profitability of its container business helped Hapag-Lloyd, the German shipping and tourism group, lift 1996 pre-tax profits 16 per cent to DM37m (\$79m). But the company's tourism and freight forwarding activities showed lower profits.

Overall operating profits fell from DM280m to DM242m but container division profits rose from DM45m to DM50m. The number of containers moved rose 4.5 per cent to just over 1m, with Asian trades accounting for above-average growth. *Charles Batchelor, Transport Correspondent*

VA Technologie 5% ahead

VA Technologie, the Austrian engineering company, lifted net income by 5 per cent last year as a sharply higher tax bill offset a 32 per cent jump in pre-tax earnings from Sch.1.27bn to Sch.1.67bn (\$137m). Net profit edged up from Sch.1.39bn to Sch.1.40bn. Mr Othmar Pfhringer, chairman, attributed the strong gains in pre-tax and operating earnings to a turnaround in the electrical engineering unit and strong results in the metallurgical division. *Eric Frey, Vienna*

MOL sell-off continues

APV, Hungary's state privatisation agency, said yesterday it would offer 12.5 per cent of oil group MOL in the next stage of its sell-off. There will also be an over-allotment option of 2.5 per cent. Domestic investors will be offered 1 percentage point, to which another 1 point can be added in case of oversubscription. International roadshows will run between April 21 and May 2, with pricing and allocation of the shares scheduled for May 6. MOL reported preliminary 1996 group profits of Ft25.3bn (\$133m), up from only Ft900m in 1995. *Reuters, Budapest*

Plettac's game plan begins to find support

Initially unnerved by diversification moves, investors seem to be coming to terms with the strategy

As the former president of Bayer Leverkusen, one of Germany's top football clubs - but currently lying a distant second in the country's premier soccer league - Mr Jürgen Scherwicke knows the difficulties of translating a team's potential into results. Even so, he is scratching his head over the drubbing the German stock market has given to the operation now under his stewardship: Plettac, a diversified industrial company based on construction services.

In the past decade, it has been among Germany's fastest growing industrial companies, with sales rising more than tenfold to DM970m (\$661m) last year. Plettac went public in 1983, and saw its shares soar from an opening level of DM188 to a high of DM465 in 1995. By the end of last year they had plummeted to around DM280. Relative to the rest of the German stock market, which has had a good run recently, the change has been still more dramatic.

But Mr Scherwicke - whose involvement in soccer was connected to his 32-year spell at German chemicals group Bayer, owner of the Leverkusen club - insists that the stock market's recent kicking has been unnecessarily severe.

He says investors have failed to recognise Plettac's strengths in building up its non-German operations, which last year contributed 30 per cent of total sales, and also in forging value out of

an unusual mixture of manufacturing and services.

He describes the decline of the shares as "incomprehensible". Mr Scherwicke says there are more links between the various parts of his company than might be evident. "We are not fiddling about with things we do not understand," he says.

The company's main activity is making and installing specially fabricated scaffold-

ing sections, consisting of large lattice-like steel frameworks which can be bolted together on site. It claims these provide a safer and more efficient form of scaffolding than the more basic steel poles seen in countries such as the UK. Plettac's two scaffolding divisions, representing manufacturing and services, accounts for about three quarters of its revenues.

In the past two years investors in Plettac - based in Plettenburg, a small town

east of Düsseldorf in the picturesque Sauerland region - have been worried by the downturn in Germany's construction industry that followed the post-unification building boom. This fall-off, and the impact on Plettac's scaffolding activities, was the main factor in the 13 per cent slide in the company's pre-tax profits last year, from DM109m in 1995 to an estimated DM95m.

But investors have had even more problems over the company's move into two other businesses which it maintains should help protect itself against future low growth in scaffolding services. These two businesses are the manufacture and rental of halls and tents for customers such as organisers of trade fairs, and mechanical and electronic security systems.

Last year these two divisions were responsible for about 15 per cent of turnover, and this year the figure should be higher, thanks to the purchase in January of a DM120m-a-year video and electronic security business previously owned by Grundig, part of the Philips group.

The final, fifth, part of the company is in yet another discipline - turning out metal parts for car companies such as BMW and Volkswagen. This contributes about 10 per cent of the company and represents the business in which Plettac was engaged when it was started in 1962.

Mr Markus Reichle, an

analyst at Paribas Capital Markets, says that Plettac is basically a well-run company, with good marketing strengths and cost controls. But it has "gone too far" into moving into businesses beyond its core.

Mr Reichle says the Grundig acquisition in particular was a "mistake", in that it pitched Plettac into a field full of much bigger competitors and into an area of technology in which it had no track record. But Mr Scherwicke - a former

journalist who has a training in law - dismisses these concerns, saying the move into security systems fits in to Plettac's general operations involving the property and building industries.

And he says "it's good to have a number of legs", claiming that these provide protection against a downturn in a specific area.

According to Mr Scherwicke - who as a private shareholder bought into Plettac in 1972, took over as



Jürgen Scherwicke: 'It's good to have a number of legs'

chairman of its supervisory board in 1981 and has had his executive position since 1994 - Plettac is poised for expansion outside its domestic market, particularly in the US, where it has a strong position in scaffolding and which accounts for 15 per cent of the company's total sales.

With 60 per cent of Plettac's turnover coming from manufacturing and the rest from services, with the proportions likely to be more like 50:50 by the turn of the century, Mr Scherwicke believes the company is at the forefront in the moves world-wide in industrial companies to integrate the different cultures of production and services activities.

He says that recently the stock market has started to see his point of view, since the turn of the year, the shares have put on about 40 per cent to a close yesterday of DM389.20.

Plettac has borrowed heavily from the business textbooks with its accent on lean management, with just 35 people in its head office, and according to Mr Scherwicke, an accent on making quick decisions with the minimum of bureaucracy.

Even given his retirement age, Mr Scherwicke insists he has no plans to hang up his boots - "even though my wife would like me to come home more".

Peter Marsh

VA Technologie AG is active in Metallurgical Engineering, Energy and Environmental Engineering and Plant Engineering and Services on a worldwide basis, with 200 international units in all regions of the world. The Group is a technology-based systems supplier with core component competences and services. 56.95 % of its shares are floated on the Vienna Stock Exchange. Furthermore, VA Technologie AG is quoted in London via SEAQ.

Compared to the year 1995 the main figures are as follows:

- Profit from ordinary activities rose by 32 %
- Net profit up 5 %
- Order backlog up 21 %
- Order intake grew by 26 %
- Cash flow from the result up 21 %
- Proposed dividend: increase to ATS 30 per share after ATS 28 in 1995

Group Area

- Metallurgical Engineering
- Leading global position as metallurgical plant builder and systems supplier for individual and integrated plants expanded
- Double digit growth in all important key figures
- Order backlog increased by 30 %

Group Area Energy and Environmental Engineering

- Leading position in Europe as supplier of environmental engineering
- Further globalisation by acquisitions and joint ventures
- Order backlog increased by 16 %

Group Area Plant Engineering and Services

- Once again strong growth in 1996
- Profit from ordinary activities four times higher than in 1995
- Order backlog increased by 21 %

Dividend payment
Dividend per share up at
ATS 30 per share after ATS 28 in 1995

Business Outlook
During 1997 VA TECH will continue on its adopted growth course in business volume and earnings.

VA Technologie AG
Annual Report
1996

KEY FIGURES	1996	1995	Change 1996/95
	in million ATS		
Order intake	44,878	35,202	+28
Order backlog as at 31.12.	38,944	35,948	+8
Turnover	33,633	28,085	+20
Turnover plus changes in inventory	37,635	30,927	+22
Profit from ordinary activities	1,472	1,170	+25
Net profit	1,304	1,309	+5
Product and process innovation	1,159	1,102	+5
Cash flow from the result	2,256	2,119	+6
	in ATS		
Dividend per share	30	28	+7
Employees (average for year)	10,855	10,853	+2
*) Proposal to AGM			

Key VA TECH financial data is available on diskette. If you are interested in receiving the diskette, our Annual Report 1996, further information or an invitation to our shareholder events, please contact:

VA Technologie AG
Communications and Investor Relations
Lunzengraben 84, A-4031 Linz, Austria
Phone +43/732 - 6986 - 9222 or 4319
Fax +43/732 - 6980 - 3416
e-mail: contact@vatech.co.at
Internet homepage: http://www.vatech.co.at

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VA TECHNOLOGIE AG

TOFAŞ

NOTICE OF MEETING OF THE GENERAL ASSEMBLY OF SHAREHOLDERS OF TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

The "Meeting" of the Ordinary General Assembly of Shareholders of Tofaş Türk Otomobil Fabrikası A.Ş. ("the Company") will be held on Wednesday, 29 April 1997, at 16:00 p.m., in the Divan Hotel, located at Cumhuriyet Caddesi No.2, Taksim-İstanbul, Turkey, to discuss and take decisions with respect to the following agenda.

In order to attend and participate in this Meeting, either in person or by proxy, Shareholders of the Company are kindly requested to obtain their entrance cards from the Company. Any Shareholder who wishes to be represented at the Meeting by proxy must deliver to the Company a proxy in the form available from the Company, executed and notarized in accordance with Regulation No. 8, serial 4 of the Capital Market Board. Holders of shares of the Company in bearer form may obtain entrance cards by depositing share certificates with the Company. Holders of shares of the Company in bearer form may not legally attend or participate in the Meeting without obtaining an entrance card.

Under current Turkish law, indirect investments of holders of Depositary Shares in the underlying Group E Shares who hold 10% or more of the share capital of the Company or the direct investments of any non-resident holders of Group E Shares holding 10% or more of the share capital of the Company are required to notify the Foreign Investment General Directorate of the Prime Ministry of the Republic of Turkey (the "FDI") of their investment in the company in order to be able to participate in the Meeting and vote their Shares or to cause the Depositary to vote such Shares or participate in the Meeting, as the case may be.

Any holder who takes the necessary steps and becomes entitled to vote Group E Shares at the Meeting may obtain a form of proxy and other relevant materials from the Company at its headquarters, from the Bank of New York at 101 Barclay Street, New York, New York 10286, USA or from Banque Internationale a Luxembourg S.A., the Company's Listing Agent, at 89, route d'Esch, L-1470, Luxembourg.

The Reports of the Board of Directors and the Auditors of the Company for the 1996 fiscal year, the Company's Balance Sheet and Income Statements for such year and the proposal concerning the distribution of net profits of the Company for such year will be made available for examination by the Shareholders of the Company from 18th April 1997 at the Company's Headquarters at the address given below.

Kindly submitted for the information of our Shareholders.

THE BOARD OF DIRECTORS

Headquarters' Address
Büyükdere Cad. 145, Zincirlikuyu, 80300
Levent - İstanbul
Tel: (0-212) 275 33 90 / 8 Lines

TOFAŞ TÜRK OTOMOBİL FABRİKASI ANONİM ŞİRKETİ
29TH ORDINARY GENERAL ASSEMBLY
DATED 29.04.1997
AGENDA

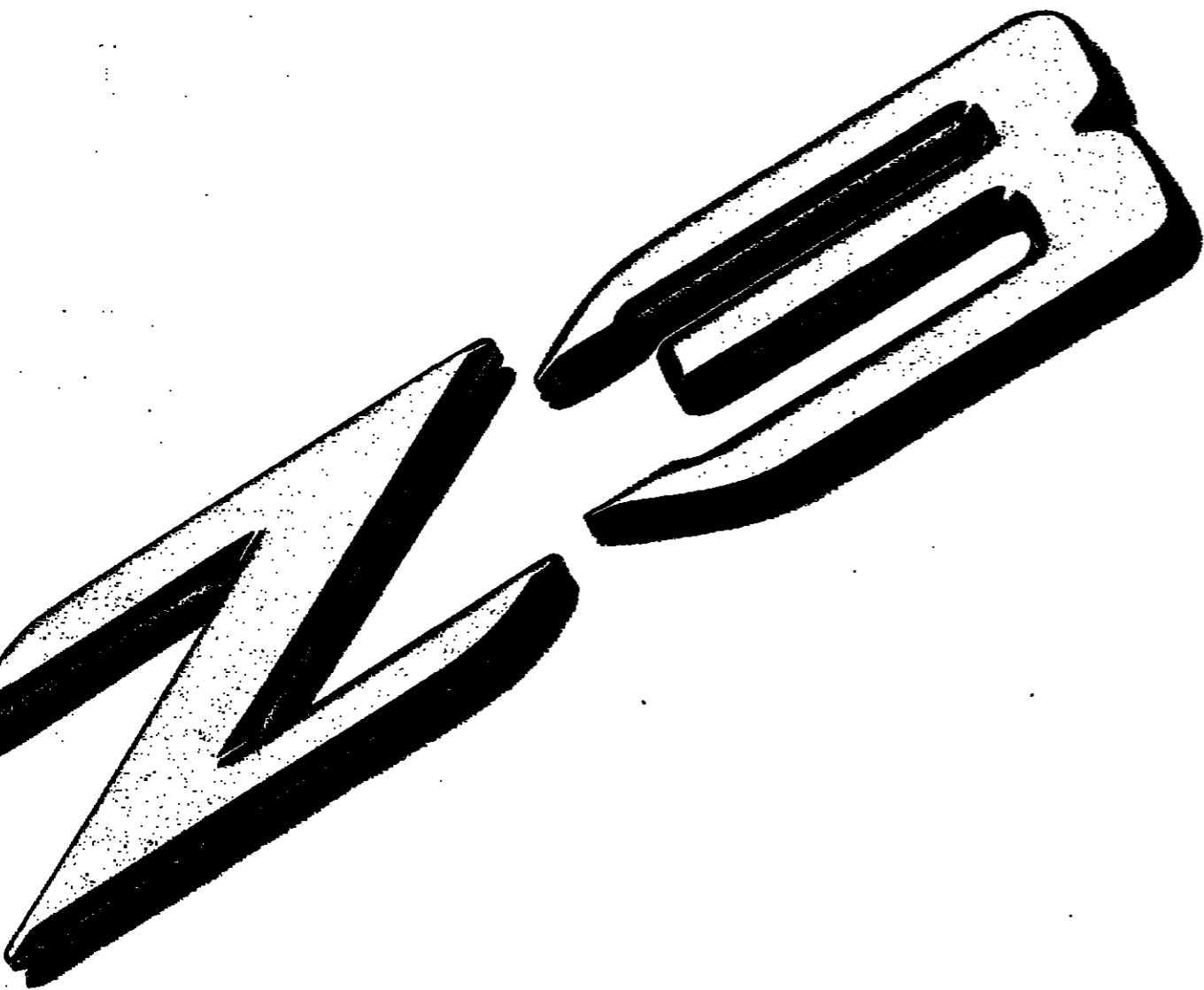
- Opening of the Meeting and election of the Chairmanship Council.
- Presentation of the changes in memberships of the Board of Directors and the members elected to fill the vacated seats to the General Assembly for approval to be valid as from the date of replacement in pursuance of article 315 of the Turkish Commercial Code.
- Reading and discussing the Board of Directors' Report and Statutory and Independent Auditors' Report with respect to 1996 operations and accounts; approval, approval with amendment or rejection of the Board of Directors' proposal in respect of the 1996 Balance Sheets and Profit-Loss Statements.
- Releasing the members of the Board of Directors and the Auditors from liability in respect of the Company's 1996 operations.
- Approval, approval with amendment or rejection of the Board of Directors' proposal in respect of the Company's 1996 net profits.
- Re-election of auditors whose terms of office have expired or election of new auditors to fill such vacancies.
- Determination of the remuneration of the Board of Directors' Chairman, of the Board of Directors Members and of the Auditors.
- Authorisation of the Board of Directors to do business related to the Company's objectives in person or on behalf of others enabling them to participate in the companies of similar business and do transactions pursuant to Articles 334 and 335 of Turkish Commercial Code, provided that such Members of the Board of Directors are prohibited from being Board Members, officers or employees of the companies or third persons engaged in the business of motor vehicles other than motor vehicles manufactured by or under the licence of Fiat Group.
- Approval of the results of the election of the Independent External Auditing Organization carried on by our Board of Directors according to laws and regulations in connection with the Capital Market.
- Signing of the Minutes of the General Assembly Meeting by the Chairmanship Council and delegating authority for considering this to be sufficient, on behalf of the shareholders.
- Wishes.

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COMPANIES AND FINANCE: EUROPE

Strong sales figures lift Novartis shares

By William Hall in Zurich

Novartis, the world's second-biggest pharmaceuticals company, surprised the stock market yesterday by announcing that sales in its core pharmaceuticals business grew by an underlying 14 per cent in the first quarter of 1997, double last year's annual growth rate.

Novartis was created from December's merger of Ciba and Sandoz. The stock market had feared that the sales growth of the enlarged company might lose momentum as the new management, led by Mr Daniel Vasella, a former hospital doctor, concentrated on cost savings.

However, the fears have proved unfounded. Novartis's pharmaceutical sales

rose 30 per cent to Sfr3.39bn (\$2.3bn) in the first quarter. The figure was inflated by the weakness of the Swiss franc. But in terms of local currency, the growth rate was 14 per cent, which compares with 3 per cent growth announced by its arch-rival Roche earlier this week.

Novartis's registered shares jumped 3 per cent to Sfr1.835 yesterday, while Roche's certificates, its most widely traded security, fell by a further Sfr80, to Sfr11.754, giving a loss of 4 per cent this week.

Mr Raymond Freu, Novartis chief financial officer, warned that the first quarter's exceptionally high growth rates could not be expected to continue. However, he said he was "very



Daniel Vasella: has concentrated on cost-savings from merging the two companies

confident" that Novartis would show "strong growth" during the rest of the year. Novartis said the sales growth had been driven by its performance in the US,

the world's biggest market, where sales in the previous year were comparably low. Sales of the group's best-selling product, Sandimmun/Neoral, used to treat

diseases of the human immune system, grew 11 per cent; sales of Lescol, used for cholesterol reduction, grew 94 per cent. Last year these two products had combined

annual sales of Sfr2.1bn, and accounted for nearly a fifth of Novartis's drug sales. Agribusiness sales rose 17 per cent, to Sfr2.7bn, with the growth rate falling to 4 per cent in local currencies. Underlying sales growth in both crop protection and seeds was 6 per cent, while animal health sales fell 22 per cent.

Consumer health sales also declined in local currency terms, primarily because of government measures to contain healthcare costs in some European countries.

Novartis's group sales rose 22 per cent to Sfr8.2bn, which fell to 8 per cent in local currency terms.

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Weak prices hurt Gold Fields

By Mark Ashurst in Johannesburg

The weak bullion price and the interruptions of the Christmas and New Year holidays knocked profits at Gold Fields of South Africa, which yesterday kicked off the gold companies' reporting season for the March quarter.

Profit after tax and capital expenditure plummeted from R97.7m to R30.5m (\$6.8m).

This was in spite of lower capital expenditure of R205m, compared with R235m previously, and a reduced tax charge.

Pre-tax profits fell 30.4 per cent from R364m to R254m, although total gold production rose 2.4 per cent to 33,482kg for the quarter.

Analysts said the results were in line with expectations, but expressed disappointment at a second successive quarterly decline at

Kloof mine, where the group had earlier forecast that output would remain static.

Operational problems resulted in a 2 per cent decline in tonnage milled at Kloof, which produced 4,851 tonnes of gold, compared with 5,513 tonnes in the December quarter.

The average gold price received in the three months to March 31 was down 8 per cent, following the global trend.

Managers refused to comment on speculation that Gold Fields was seeking a black business partner to help remedy the group's poor labour relations record.

Mr Johann Rupert, chairman of Rembrandt, the mining, industrial and luxury goods group which is Gold Fields' largest single shareholder, has held talks with Mr Cyril Ramaphosa, the former secretary-general of the African National Congress.

Improvements in efficiency lift Edison 38%

By Paul Setts in Milan

Edison, the energy subsidiary of Italy's Montedison group and the country's largest private producer of electricity and natural gas, yesterday reported a 38 per cent rise in consolidated net profits, from L968bn in 1995 to L370bn (\$217m) in 1996.

The company, whose sales rose 48 per cent to L1,887bn, said the performance reflected improved operating efficiencies and the group's development plan, which brought new electric generating and offshore gas facilities on stream last year.

Gross operating margin rose 30 per cent to L886bn. The energy group said its growth had been underpinned by a doubling of technical investments from L345bn in 1995 to L703bn.

These new investments led to an increase in net consolidated financial debt, which rose from L740bn at the end of 1995 to L1,124bn at the end of last year.

However, debt interest charges declined last year from L57.5bn to L54.8bn.

The group had a 7 per share of Italy's total electricity production and an 8 per cent share of natural gas production.

Edison also reported a strong start to the current year, with a 42 per cent rise in first-quarter sales to L648bn compared with L457bn in the first quarter of 1996.

It said that "significant" reserves of natural gas had been discovered following the drilling of the first offshore exploration well at Rosetta, in the Nile Delta.

The Italian group, with 20 per cent, is in partnership with British Gas (40 per cent), Shell Egypt (20.4 per cent) and Shell Austria (19.6 per cent) on the Rosetta field.

Profits of the Edison parent company rose 37 per cent to L185bn last year and the dividend has been increased by L10 to L200.

However, parent company sales fell 7 per cent to L421bn last year. This reflected a decline in its Italian hydro-electric production because of dry weather.

EUROPEAN NEWS DIGEST

Incentives plan for Portuguese sell-off

The Portuguese government is offering retail investors in the global offering of Electricidade de Portugal, the national power utility, an unprecedented incentive package of bonus shares and a discount. Small savers buying up to 2,000 shares will receive one bonus share for every 25 they buy and hold for one year. They will also benefit from a 6 per cent discount on the offer price and an obligatory "lock-up" period, during which the shares cannot be sold, of only three months, compared with six months in previous privatisations.

The incentives, approved by the government yesterday, are expected to help lift retail demand for Portugal's biggest privatisation to record levels. Analysts forecast the initial public offer, to be concluded at a special session of the Lisbon stock exchange on June 16, will attract more than 200,000 shareholders, almost twice the number of small savers who have invested in Portugal's privatisation programme to date.

Peter Wise, Lisbon

BRE offer to Commerzbank

Commerzbank, the German bank which recently lifted its stake in Poland's listed Export Development Bank (BRE) from 21 per cent to 31.8 per cent, is to be invited to take up a new issue. The Polish bank plans an offer of between 2.5m and 4.5m shares with a current market value of between \$66m and \$120m.

BRE said yesterday shareholders would be asked to approve the capital increase, which could take the form of either an issue of new shares or convertible bonds. The issue is to be reserved for Commerzbank. If German bank takes the maximum proposed number of shares it would control 45 per cent of the Polish bank. The move by Commerzbank has yet to be approved by Poland's central bank and the country's Securities Commission. BRE reported a net profit of 194m zlotys (\$45m) last year and is Poland's 12th-largest bank measured by assets.

Christopher Bobinski, Warsaw

Vontobel profits 47% ahead

Vontobel, the Swiss private bank and fund management group, has disclosed that its Tier 1 capital ratio, a standard benchmark used by the Bank for International Settlements, is 25.2 per cent. This compares with 23 per cent at Julius Baer, its bigger Zurich rival, and 9.8 per cent at UBS, the best capitalised of the big three Swiss banks. In 1996 Vontobel increased net income by 47 per cent, to Sfr60.2m (\$41m), helped by a 73 per cent jump in trading profits to Sfr83.3m. Assets under management rose 46 per cent to Sfr35.7bn, although net fee and commission income only rose by 28 per cent, to Sfr195.7m. The group's return on equity rose to 13.1 per cent and it plans to pay out nearly half of its profits to shareholders by increasing its dividend by 13.6 per cent to Sfr25 per bearer share.

William Hall, Zurich

Ascom Sfr128m in the red

Ascom, the troubled Swiss telecommunications group which is heavily dependent on the soon-to-be privatised Swiss Telecom, lost Sfr128m (\$87m) in 1996. The group, which had been recovering after losing Sfr383m in 1992-93, increased its operating profit by 25 per cent to Sfr94m on unchanged turnover of Sfr2.9bn. However, it has taken a Sfr128m restructuring charge to "free itself from past constraints" and has omitted its dividend.

The group reduced its net debt to Sfr1.9bn, more than a quarter to Sfr470m and says it has halved its debt level since 1993.

William Hall

ORDER OF COURT

In the High Court of South Africa (Witwatersrand Local Division)

Case No. 97/4975

Johannesburg, 15 April 1997

Before the Honourable Mr Justice Roux

In the ex parte application of

Harmony Gold Mining Company Limited (Incorporated in the Republic of South Africa) (Registration number 0538232/06)

Applicant

at vs

The Grootevlei Proprietary Mines Limited (Incorporated in the Republic of South Africa) (Registration number 0102088/06) ("Grootevlei")

UPON the motion of Counsel for the Applicant and upon reading the notice of motion and the other documents filed on record:

It is ordered that:

- a meeting ("the scheme meeting") in terms of section 311 of the Companies Act, 1973 ("the Act"), of the shareholders of Grootevlei, other than the Applicant, registered as such at the close of business on the day (excluding Saturdays, Sundays and public holidays) immediately preceding the day of the scheme meeting ("the scheme members"), be convened by the chairman referred to in paragraph 2 ("the chairman"), who shall fix the time, date and place thereof, for the purpose of considering and, if deemed fit, agreeing to, with or without modification, the scheme of arrangement, dated 18 April 1997 ("the scheme"), proposed by the Applicant between Grootevlei and its shareholders (other than the Applicant) registered as such on the record date of the scheme;
- Miranda Janet Feinstein, a partner in Edward Nathan & Friedland Inc., attorneys of Johannesburg, or, failing her, an independent attorney or advocate nominated by Bowman Gilfillan Hayman Godfrey Inc., be and is hereby appointed as chairman of the scheme meeting;
- the chairman of the scheme meeting is authorised to:
 - appoint scrutineers for the purpose of the scheme meeting;
 - determine the validity and acceptability of any form of proxy submitted for use at the scheme meeting;
 - adjourn the scheme meeting from time to time if the chairman considers it necessary to do so; and
 - determine the procedure to be followed at the scheme meeting and any adjournment thereof;
- the chairman shall cause this Order of Court and a notice convening the scheme meeting to be published once in each of Business Day, Beeld, the London Financial Times, Rapport, Sunday Times and the Government Gazette at least two weeks before the date of the scheme meeting. The notice shall state:
 - the time, date and venue of the scheme meeting;
 - that the scheme meeting has been convened in terms of this Order to consider and, if deemed fit, agree to with or without modification, the scheme;
 - that a copy of this Order, the scheme and the explanatory statement in terms of section 312(1) of the Act may be inspected during normal business hours at any time prior to the scheme meeting at the registered offices of the Applicant and Grootevlei, both being at: 5 Press Avenue, Selby, Johannesburg, and at the office of the secretaries of the Applicant and Grootevlei in the United Kingdom, Viaduct Corporate Services Limited, 19 Charterhouse Street, London, EC1N 8QP and at the office of the chairman, 4th Floor, The Forum, 2 Maude Street, Sandton;
 - that a copy of this Order and the explanatory statement in terms of section 312(1) of the Act may be obtained free of charge on request during normal business hours at the places mentioned in 4.3;
- copies of:
 - the scheme and the explanatory statement in terms of section 312(1) of the Act substantially in the form of the scheme and the explanatory statement attached to the papers before the Court;
 - the notice convening the scheme meeting substantially in the form of the notice attached to the papers before the Court, showing the time, date and place of the scheme meeting;
 - the form of proxy to be used at the scheme meeting substantially in the form of the form of proxy attached to the papers before the Court; and

5.4. this Order of Court,

shall be sent by the Applicant at least two weeks before the date of the scheme meeting to each of the shareholders of Grootevlei (other than the Applicant) at their addresses as reflected in Grootevlei's register of members at the close of business on a date not more than four (4) calendar days before the date of such posting;

6. a copy of:

6.1. the scheme and the explanatory statement in terms of section 312(1) of the Act substantially in the form of the scheme and the explanatory statement attached to the papers before the Court;

6.2. the notice convening the scheme meeting substantially in the form of the notice attached to the papers before the Court;

6.3. a form of proxy substantially in the form of the form of proxy attached to the papers before the Court; and

6.4. this Order of Court,

shall lie for inspection at the registered offices of the Applicant and Grootevlei and the office of the secretaries of the Applicant and Grootevlei in the United Kingdom, during normal business hours, and at the office of the chairman at the places mentioned in 4.3, for at least two weeks prior to the date of the scheme meeting and copies of these documents may be obtained free of charge from the Applicant, Grootevlei and their secretaries in the United Kingdom;

7. the chairman shall report the results of the scheme meeting to this Honourable Court on Tuesday, 3 June 1997 at 10:00 or so soon thereafter as Counsel may be heard;

8. the report required by this Court from the chairman of the scheme meeting, shall comply with the requirements of section FE of the Practice Manual of this Court;

9. the chairman of the scheme meeting shall make available (and the notice of the scheme meeting which is published and sent to Grootevlei's shareholders shall include a statement that it will be so available) a copy of the chairman's report to this Court, free of charge to any scheme member on request for it, for at least one week before the date fixed by this Court for the chairman to report back to it; and

10. any scheme member wishing to vote by proxy shall at least 24 (twenty-four) hours before the scheme meeting is due to commence, tender as his proxy a form of proxy in the form of the form of proxy referred to in paragraph 5.3 of this Order. In addition, forms of proxy may be handed to the chairman up to 10 (ten) minutes before the scheme meeting is due to commence.

By Order of the Court

Registrar
15 April 1997

Bowman Gilfillan Hayman Godfrey Inc.
Applicant's Attorneys
2nd Floor
Ten Sixty Six Building
Corner Harrison and Pritchard Streets
Johannesburg, 2001
(PO Box 2438, Johannesburg, 2000)
Tel: (011) 881-9800 or (011) 836-2811
(Ref: Mr J H Schlossberg/Mr R A Cohen)

NOTICE TO HOLDERS OF

American Medical

Response, Inc.

(the "Company")

5 1/4% Convertible

Subordinated Notes

Due February 1, 2001

(the "Securities")

Pursuant to a merger agreement dated as of January 5, 1997 among Laidlaw Inc. ("Laidlaw"), MedTrans Acquisition Co. ("MedTrans") and the Company, MedTrans made a tender offer for all of the common stock of the Company, MedTrans merged into the Company (the "Merger"), the Company became a wholly-owned subsidiary of Laidlaw, and each share of the Company's Common Stock was converted into the right to receive cash in the amount of \$40.00 per share. Due to the consummation of the Merger, the Securities are no longer convertible into the Company's Common Stock. Pursuant to a supplemental indenture dated as of March 21, 1997 (the "Supplemental Indenture"), each holder of the Securities has the right to convert such Securities only into the consideration receivable upon such merger by a holder of the number of shares of Common Stock of the Company into which such Securities might have been converted immediately prior to such merger. The Supplemental Indenture has been executed, and this Notice is delivered pursuant to the requirements of the Indenture dated as of February 1, 1996 with respect to the Securities. In the Supplemental Indenture, the Company expressly agreed to pay, upon conversion of each Security, cash in the amount of \$40.00 per share of Common Stock into which each Security was convertible immediately prior to the Merger. This \$40.00 per share shall be payable until the close of the business on February 1, 2001.

Dated: April 18, 1997

By Order of the Court

Registrar

15 April 1997

Bowman Gilfillan Hayman Godfrey Inc.

Applicant's Attorneys

2nd Floor

Ten Sixty Six Building

Corner Harrison and Pritchard Streets

Johannesburg, 2001

(PO Box 2438, Johannesburg, 2000)

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(Ref: Mr J H Schlossberg/Mr R A Cohen)

NOTICE OF SCHEME MEETING

In the High Court of South Africa (Witwatersrand Local Division)

Case No. 97/4975

Johannesburg, 15 April 1997

Before the Honourable Mr Justice Roux

In the ex parte application of

Harmony Gold Mining Company Limited (Incorporated in the Republic of South Africa) (Registration number 0538232/06)

Applicant

at vs

The Grootevlei Proprietary Mines Limited (Incorporated in the Republic of South Africa) (Registration number 0102088/06) ("Grootevlei")

Notice is hereby given that, in terms of an Order of Court dated 15 April 1997 in the above matter, the High Court of South Africa (Witwatersrand Local Division) ("the Court") has ordered in accordance with the provisions of section 311 of the Companies Act, 1973 ("the Act"), that a meeting ("the scheme meeting") of shareholders of Grootevlei (other than the Applicant) registered as such at the close of business on Tuesday, 20 May 1997 ("the scheme members") be convened under the chairmanship of Miranda Janet Feinstein, a partner in Edward Nathan & Friedland Inc., Attorneys of Johannesburg, or, failing her, an independent attorney or advocate nominated by Bowman Gilfillan Hayman Godfrey Inc. for the purpose of considering and, if deemed fit, agreeing to with or without modification, the scheme of arrangement ("the scheme") proposed by the Applicant between Grootevlei and its shareholders (other than the Applicant) of its issued shares ("the scheme shares").

The scheme meeting will be held at 10:00 (South African local time) on Wednesday, 21 May 1997, in the boardroom of Randgold & Exploration Company Limited, 5 Press Avenue, Selby, Johannesburg, 2002.

A copy of the scheme, the explanatory statement in terms of section 312(1) of the Act explaining the scheme, the notice convening the scheme meeting, the proxy form and the Order of Court convening the scheme meeting are included in the documents which have been sent to scheme members and copies may, on request by any scheme member, be inspected during normal business hours at any time prior to the scheme meeting at the registered offices of the Applicant and Grootevlei at 5 Press Avenue, Selby, Johannesburg and at the office of the secretaries of the Applicant and Grootevlei in the United Kingdom, Viaduct Corporate Services Limited, 19 Charterhouse Street, London, EC1N 8QP and at the office of the chairman of the scheme meeting, 4th Floor, The Forum, 2 Maude Street, Sandton. Copies of the documents may be obtained free of charge on request during normal business hours from the Applicant, Grootevlei, their secretaries in the United Kingdom and the chairman of the scheme meeting at the places mentioned above.

Each scheme member may attend, speak and vote in person at the scheme meeting or may appoint any other person or persons (none of whom need be a shareholder of Grootevlei) as a proxy or proxies to attend, speak and vote in such scheme member's place. The necessary proxy form (green) is included in the documents which have been sent to scheme members. Additional proxy forms may be obtained on request from the registered offices of the Applicant and Grootevlei and their secretaries in the United Kingdom as set out above.

Each signed proxy form must be lodged with or posted to Optimum Registrars (Proprietary) Limited, 4th Floor, Edura House, 41 Fox Street, Johannesburg, 2001 (PO Box 62381, Marshalltown, 2107) or the United Kingdom registrar, The Royal Bank of Scotland plc, Registrars Department, PO Box 82, Caxton House, Redcliff Way, Bristol, BS99 7NH, so as to be received by not later than 10:00 (South African time) on Tuesday, 20 May 1997 or may be handed to the chairman of the scheme meeting by not later than ten minutes before the time for which the scheme meeting is convened.

Where there are joint holders of scheme shares, any one of such persons may vote at the scheme meeting in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders be present or represented at the scheme meeting, that one of the said persons whose name stands first in Grootevlei's share register in respect of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.

In terms of the Order of Court dated 15 April 1997, the chairman of the scheme meeting will report the results thereof to the above Honourable Court at 10:00 or soon thereafter as Counsel may be heard on Tuesday, 3 June 1997. A copy of the chairman's report to the Court will be available on request (free of charge) to any scheme member at the registered office of the Applicant and at the office of their secretaries in the United Kingdom and at the office of the chairman of the scheme meeting during normal business hours at the places mentioned above for at least one week before the date fixed by the Court for the chairman to report back to it.

The scheme is subject to the fulfilment of certain conditions precedent stated in the scheme, one of such conditions being its sanction by the above Honourable Court.

Miranda Janet Feinstein
Chairman of the scheme meeting

Attorneys to the scheme:
Bowman Gilfillan Hayman Godfrey Inc.
2nd Floor
Ten Sixty Six Building
Corner Harrison and Pritchard Streets
Johannesburg, 2001
(PO Box 2438, Johannesburg, 2000)
Tel: (011) 881-9800 or (011) 836-2811
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COMPANIES AND FINANCE: THE AMERICAS

US paper groups yet to see recovery

By John Authers
in New York

Predictions that wholesale paper prices had bottomed out, and that the first quarter of this year would see the beginning of a recovery proved optimistic, with several of the sector's largest companies reporting losses.

Projections of a rebound in paper prices have now been pushed back to the third or fourth quarter of this year. Only a few categories, such as tissue paper, have avoided falls in price of 25 per cent or more.

Meanwhile, several industry executives believe that both the industry and paper prices have been harmed by overcapacity. This has created increased speculation that the sector, which is somewhat over-crowded, could see merger activity before long.

Companies in the sector are now concentrating either on diversifying into new products offering them alter-

native sources of profits, or on closing loss-making operations.

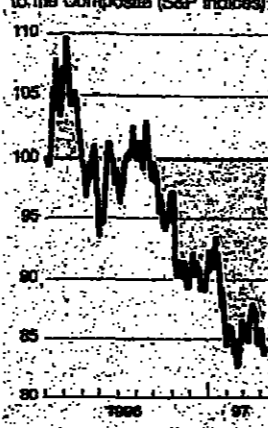
Atlanta-based Georgia-Pacific made a gain from the sale of assets in California. It was also helped by growing income from its building products business. Operating profits in pulp and paper businesses were in line with sector, at \$20m, against last year's \$174m.

Weyerhaeuser, based in Washington state, reported net earnings of \$21m, after a restructuring charge of \$25m, against profits in the equivalent quarter of 1996 of \$142m. Mr John Creighton, chief executive, said the pulp, paper and packaging markets were "still difficult", but that the company was continuing to focus on its long-term plans.

Bowater, based in South Carolina and widely regarded as a potential acquisition target for non-US companies as its shares are relatively undervalued, took a net loss of \$314,000, which

Feeling the pain

US paper sector relative to the Composite (S&P Index)



it again attributed to price declines.

However, the company was more positive than some, saying it appeared "at the bottom of the current market cycle", and had completed a buy-back of 4m shares during the year. Mr

Company	Sales (\$m)	Net income (\$m)	1st quarter 97 vs 96	Earnings per share (\$)
Georgia-Pacific	1,747.0	227.7	-25.2	25.5
Bowater	348.5	488.9	-0.31	112.9
Georgia-Pacific	1,747.0	227.7	-25.2	25.5
International Paper	4,900.0	4,800.0	343.0	98.0
Louisiana-Pacific	554.6	584.1	42.0	-3.5
Weyerhaeuser	2,808.0	2,805.0	21.0	142.0

Arnold Nemirow, chief executive, said that "based on declining inventories and improved demand" Bowater had announced price increases for newsprint and coated paper.

Missouri-based Jefferson Smurfit said it had also

made a loss, of \$7m for the quarter, and said the domestic market for linerboard was in "disarray" due to excessive inventories. Louisiana-Pacific, based in Oregon, reported a profit due to a net gain of \$122m, equivalent to 68 cents after tax.

from a settlement with the US government over timber supply prices. Without this exceptional item, it lost \$32m in the quarter, down from a \$3.6m loss in the equivalent period last year.

It blamed overcapacity across the industry in strandboard construction panels, a problem it hopes will be resolved by the less efficient producers being forced to close.

However, the company's results were overshadowed by the lawsuit against it by International Paper, the largest US paper manufacturer, which alleges that Mr Mark Suwyn, Louisiana-Pacific chief executive, violated a "non-compete" agreement when he left IP last year. If IP wins, Mr Suwyn could be forced to leave his posts for 18 months.

Louisiana-Pacific said it had no plans to sell the company, although a director said a forced departure for Mr Suwyn could leave it "on the block".

Alex. Brown results hit by fall in IPO volume

By Tracy Corrigan
in New York

Alex. Brown, the Baltimore-based investment bank that recently agreed to merge with Bankers Trust, yesterday reported a 23 per cent fall in net income to \$31m in the first quarter, against the same quarter a year ago.

Alex. Brown's profits were hit because of its reliance on fees from initial public offerings, the sector of the primary market most vulnerable to volatile trading conditions.

As a result, the volume of IPOs dropped in the first quarter, while other equity underwriting business remained robust. Alex. Brown specialises in the technology sector, which performed poorly for much of the quarter.

Mr A.S. Krongard, chairman, said the results were "reflective of the tempestuous swings in the equity

markets and resultant reduced underwriting activity". However, firms with broader-based equity underwriting businesses have reported strong earnings and favourable conditions, analysts said.

Investment banking revenues at Alex. Brown declined 26 per cent to \$74.9m. Return on equity for the quarter was 19 per cent.

Bankers Trust, which also reported earnings yesterday, recorded a further improvement, with earnings per share of \$1.89, just ahead of analysts' estimates and 24 per cent above the same period a year ago.

Net income of \$169m was up 22 per cent from \$136m in the first quarter of 1996. Return on equity climbed to 14.3 per cent, compared with 11.9 per cent a year ago, but still below investment banks involved in comparable business activities.

Corporate finance fees jumped 63 per cent due to higher fees from private placements, mergers and acquisitions and loan syndication.

Bankers Trust's share price rose 5% to \$75, while Alex. Brown shares gained 4% to \$59.

Separately, Dean Witter, Discover, which is due to merge with Morgan Stanley, announced record quarterly earnings of 81 cents a share, in line with expectations and up 16 per cent from the year ago period. Net income climbed 12 per cent to \$276m, on the back of record net operating revenues of \$1.65bn.

"We are very pleased with another record quarter," said Mr Philip Purcell, chairman and chief executive officer. "In our credit card business, we benefited from the pricing actions we took last year in response to rising write-offs."

Rockwell builds links with China in electronics

By Tony Walker in Beijing

Rockwell International, the US conglomerate, yesterday signed an agreement with China's Ministry of Electronics to increase technical co-operation as part of the US company's drive to secure a large contract for micro-electronics.

Rockwell, which is the world leader in the manufacture of modern chip-sets for computers and fax machines, is competing with German and Japanese companies for a \$1.2bn semiconductor venture known as the "909" project.

Mr Donald Beall, Rockwell chairman, said the memorandum of understanding with the Ministry of Electronics would "lead to greater co-operation between the Chinese government and several of Rockwell's areas".

The agreement provides for the establishment of

"design centres" across China to facilitate co-operation in modern and wireless communications.

Rockwell, whose senior management has conducted a week-long strategy session in Beijing and Shanghai, aims to increase sales in China to more than \$1bn annually by early next century, compared with about \$200m now.

Mr Beall said Rockwell would focus on supplying automation equipment to help modernise state-owned factories; avionics for China's nascent aircraft industry; and semiconductors.

The company will also build its presence in the fast-growing automotive components sector, where it has established four joint ventures, including one manufacturing axles for heavy trucks.

Mr Beall indicated that Rockwell planned a new drive to increase its pres-

ence in China. "We believe we have only begun to discover and develop the many areas of mutual interest that we share in China."

Rockwell has invested \$50m in China but intends to raise its commitment. It is also considering setting up a holding company to consolidate oversight of its China ventures.

"It is hard to predict our level of investment. This will depend on how successful our ventures prove to be," said Mr Beall. "But I would be disappointed if revenues were not in the range of \$1bn-\$1.5bn by early next century."

Rockwell's global sales are expected to reach \$8bn this year, with the Asia-Pacific region accounting for about 15 per cent. Mr Beall believes there is much scope for the region to lift its share of Rockwell's global operations, with China a key factor.

NOTICE OF EARLY REDEMPTION

To the holders of
Bayerische Hypotheken- und Wechsel-
Bank Aktiengesellschaft
(the "Issuer")

Italian Lire 150,000,000,000
9.625% Euro Medium Term Notes 1994
due 2004 (the "Notes")

NOTICE IS HEREBY GIVEN that all of the outstanding Notes will be redeemed by the Issuer on 30 May 1997 (the "Optional Redemption Date"), pursuant to Condition 5(c) of the Terms and Conditions of the Notes. The Notes will be redeemed at their Principal Amount Outstanding together with accrued interest to the Optional Redemption Date.

Payment will be made by an Italian Lire check drawn on or by transfer to an Italian Lire account maintained by the payee with a bank in Milan upon presentation and surrender of the Note together with all coupons appertaining thereto maturing on or after the Redemption Date at the offices of the Paying Agents listed below. Interest on the Notes shall cease to accrue thereafter and the Coupons for any such interest maturing after the Redemption Date shall be void, irrespective of whether or not such Notes and Coupons have been surrendered for payment. The Notes are being redeemed pursuant to the provisions of the Agency Agreement dated as of May 6, 1992, as supplemented by a First Supplemental Agency Agreement dated as of May 12, 1993 between, inter alia, the Issuer and Morgan Guaranty Trust Company of New York.

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Paying Agents
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Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft
By: Morgan Guaranty Trust Company of New York
as Principal Paying Agent Date: April 18, 1997

FIVE ARROWS GLOBAL FUND

20, Boulevard Emmanuel Servas, L-2535 Luxembourg
R.C. Luxembourg B 40119

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Annual General Meeting of the shareholders of FIVE ARROWS GLOBAL FUND will be held at the Registered Office of the Company on 30 April 1997 at 10.00 am.

AGENDA

1. Approval of the Report of the Board of Directors and the Auditor's Report
2. Approval of the financial statements for the fiscal year ending on 31 December 1996
3. Allocation of the net result
4. Ratification of the co-optation as Director of Mr. Christopher RIGG in replacement of Mr. Raymond HODD, and the appointment of Mr. William RAMSAY as Director
5. Discharge of the outgoing Directors and the Auditor from their duties for the year ending on 31 December 1996
6. Appointment of the Directors and the Auditor of the Company:
 - Re-election of the outgoing Directors
 - Appointment as Directors of Mr. Christopher RIGG and Mr. William RAMSAY
 - Re-election of the Auditor
 - Any other business

Resolutions on the above-mentioned Agenda will require no quorum and the resolutions will be passed by a simple majority of the shares present or represented at the meeting.

A shareholder may act at any meeting by proxy.

On behalf of the Company,
BANQUE DE GESTION EDMOND DE ROTHSCHILD
LUXEMBOURG
Société Anonyme
20, boulevard Emmanuel Servas
L-2535 LUXEMBOURG

CNP, 1996 Annual Earnings

In 1996, the French life insurance market was estimated at FRF 525 billion, up by 8% on 1995. This growth was fueled by the considerable transfer of short-term savings to longer term investments such as life insurance. CNP's growth outpaced the market and resulted in improved earnings. CNP has reaffirmed its position as leading life insurer in France with a market share of 19%.

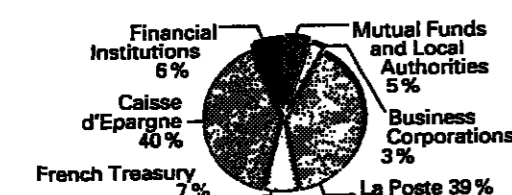
Upwardly Mobile Net Earnings : + 6 %

In 1996, Group share of net earnings continued to rise steadily for eight consecutive years and reached FRF 1,572 million (+6%). With a post-tax net earnings to equity ratio of 12%, CNP has firmly placed itself in the ranks of the most profitable companies in the insurance sector.

Considerable Increase in Premiums : + 19 %

For the first time ever, in 1996, CNP's premiums broke through the FRF 100 billion barrier to hit a record FRF 100.5 billion. Premiums have more than doubled in five years.

Premiums per Partnership Center :



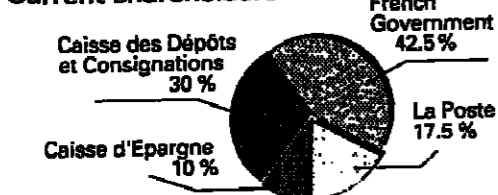
Savings products are mainly sold through the «Caisses d'Epargne», La Poste and the Treasury, while personal protection products are usually distributed by the other partnership centers.

Rising Managed Investments : + 24 %

New contracts and the loyalty of policyholders pushed managed investments to FRF 436 billion, up by more than 24% on December 31 1995. Outstanding managed investments have increased ten fold in 10 years. CNP also consolidated its solvency with more than FRF 46 billion of unrealized capital gains at December 31 1996.

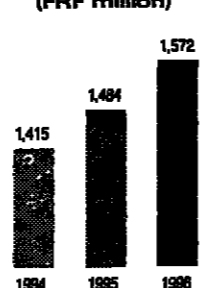
Ready for Stockmarket Listing

Current shareholders :

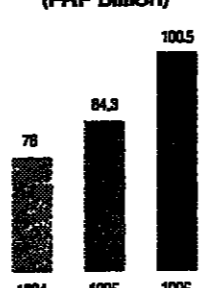


CNP's imminent listing on the stockmarket will mark a new stage in the company's development: the opportunity to increase equity and expand the shareholding.

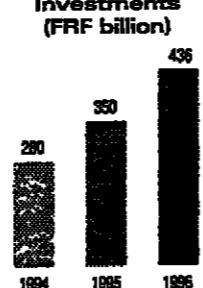
Group net profit (FRF million)



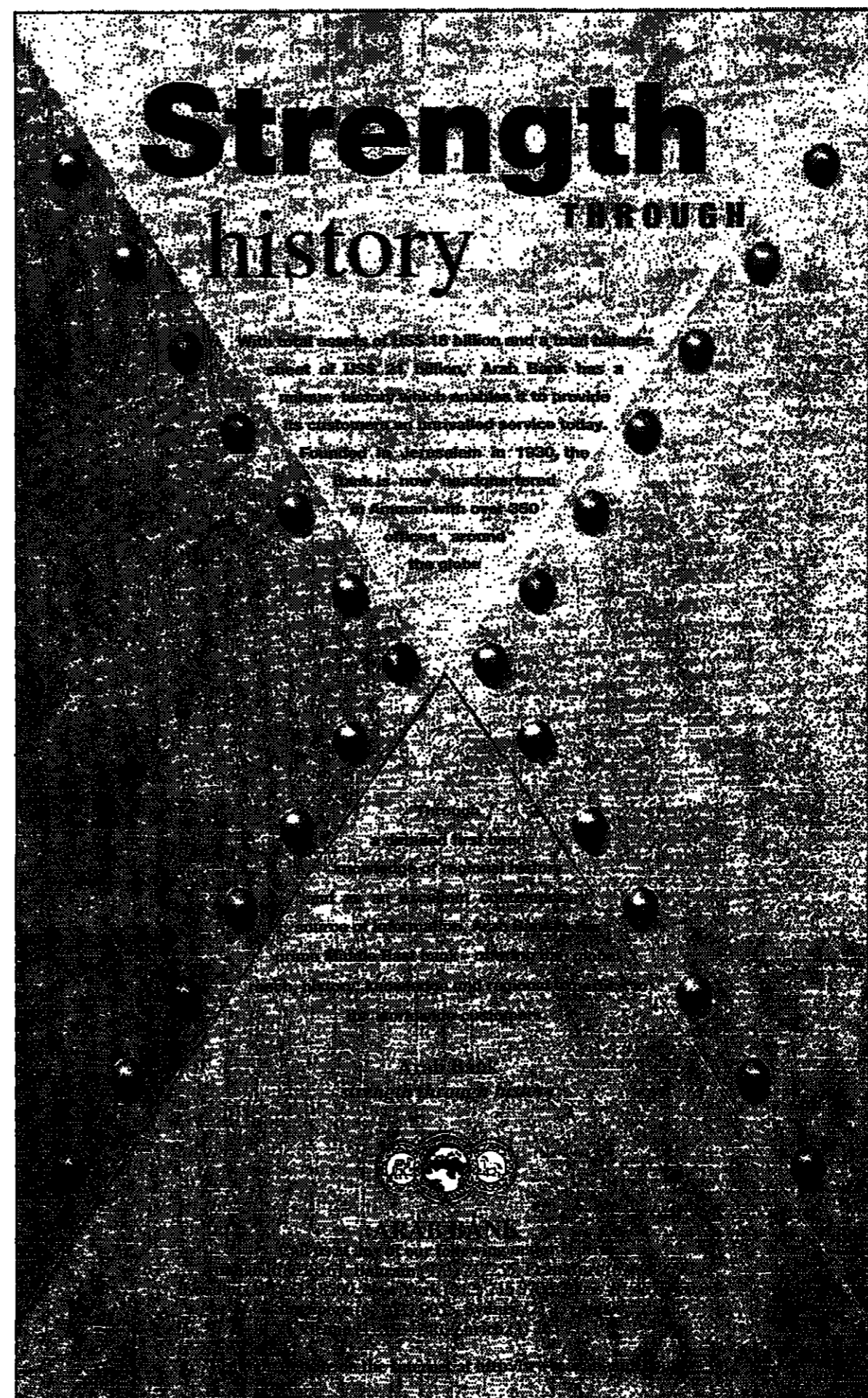
Premiums (FRF billion)



Managed Investments (FRF billion)




CNP, VIVEZ BIEN ASSURÉ



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ENGLISH HERITAGE

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and April 23 & 29 10.00 to 12.30 am

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COMPANIES AND FINANCE: UK

Water utility re-emphasises commitment to non-regulated overseas business

Anglian provision expected

By Jane Martinson

Anglian Water is expected to announce a provision of about £15m (£24.3m) at its annual results presentation next month after a review of its international operations.

The review of Anglian Water International is understood to have valued existing contracts in New Zealand, Brazil and the Czech Republic, the last two of which have been hit by delays.

Anglian is the latest of

several UK utilities to have suffered setbacks overseas, although the scale of its problems has been less than some of its peers.

United Utilities announced an £88m provision last month to cover potential losses on a £150m contract in Bangkok, while Thames Water, the London utility, made a £95m write-down last year largely to reverse its overseas policy.

Such disappointments have prompted criticism of the sector's international

involvement among some investors and analysts.

Anglian yesterday re-emphasised its commitment to its non-regulated overseas business following a board presentation by Mr Tony Eckford, the divisional managing director. Mr Eckford joined Huntingdon-based Anglian last year from Thames Water.

Mr Chris Mellor, Anglian's finance director, said after yesterday's meeting that it "might be reasonable to expect some provisioning".

He indicated that a final decision would be taken at a further board meeting next month.

NatWest Securities, the broking house, is expecting a provision of £20m to be made on annual pre-tax profits of between £245m and £250m for the full year. This includes a write-down for the sale of the group's products businesses to a US company last month.

Other analysts have estimated the cost of the investment write-down for the

overseas contracts alone at £15m.

Anglian's non-regulated division involves overseas water contracts, process engineering and a membrane technology business.

Anglian has a 37.5 per cent stake in an affluent treatment project in Brazil. Mr Mellor said yesterday that revenues had started coming from the project nine months later than expected.

The group's international division suffered an operating loss of £5.7m last year.

Pearl reaches end of cash era

By Christopher Brown-Humes

Pearl Assurance will reach the end of an era next month when it stops selling cash policies to new customers for the first time in its 139-year history.

Pearl, which is part of Australian Mutual Provident, will also stop collecting each premium from 120,000 households because the costs are greater than the amounts collected.

Instead, it will itself pay the premiums over the remaining life of the policies, but will deduct its total contributions from the amount paid at maturity.

Pearl is one of the UK's biggest door-to-door insurance groups. It says its new strategy does not affect its commitment to home service insurance - its sole sales channel - and there will be no job losses among its 4,500 sales force.

From May, new Pearl customers will make payments by direct debit, standing order, or cheque.

Two years ago Prudential, the UK's biggest life insurer, stopped selling small premium cash-collection life insurance and savings policies.

Pearl said between 140,000 and 160,000 of its 2.3m customers were paying less than £1 per four weeks and some households were paying less than £5 on all their policies. It said the new system would benefit its customers - who would have extra spending money - and would involve considerable savings for Pearl. But it says it is not moving away from its mass market customer base.

AMP, which bought Pearl for £1.1bn in 1988, is keen to expand its presence in the UK, but recently lost out to Prudential Corp in the bid for Scottish Amicable. To balance Pearl's customer base, it is keen to buy a life insurer with a more upmarket clientele.

German talks for BSG

By Richard Wolff, Midlands Correspondent

BSG International, the former car dealer which is now concentrating on automotive and aircraft products, has revealed it is in discussions to buy Buderus Sell, the aircraft interiors division of Buderus of Germany.

The acquisition would represent a substantial expansion of Britax Rumbold, BSG's aircraft interiors operation.

Buderus Sell reported sales of DM106m (£61.4m) in the year to September 1996, compared with Britax Rumbold's sales of £50m.

Buderus Sell would be BSG's first significant acquisition since the sale of its Bristol Street car dealerships for £72m last month, raising £88m in cash.

Mr Richard Marton, chief executive, said: "We are at the earliest stages of negotiations. But this is exactly what we said we were always interested in developing. It is a very complementary business to Britax Rumbold."

Based in Herborn in Germany, Buderus Sell supplies Airbus aircraft with lavatory modules, through a joint venture with Deimler-Benz. It is also strong in manufacturing aircraft galleys.

Cockle shortage hits A Fisher

By Maggie Urry

Albert Fisher, the produce and seafood group, yesterday reported a clean set of first-half figures, after four years of restructuring and hefty exceptional charges.

Pre-tax profits of £19.1m (£30.9m) in the six months to February 28 compared with £18.8m before exceptional costs of £42.8m last time.

However, turnover from continuing businesses slipped from £596m to £588m, while net operating income dropped from £24.1m to £20.8m. The strong pound, a poor cockle harvest and the end of windfall frozen food profits were blamed for the shortfall.

The improvement in pre-tax profits was due to a lower interest charge, of £3.5m against £4.5m, and a contribution from discontinued operations of £1.8m, compared to a loss of



Fruit picking: Stephen Walls (left) yesterday with Neil England

£800,000.

Mr Stephen Walls, chairman, said the restructuring chapter had closed and a new one opened when Mr Neil England joined as chief executive last November.

The group was a high flier in the 1980s when it expanded rapidly through acquisitions, but profits collapsed in the early 1990s.

Mr England said the group had to decide in which prod-

ucts and markets it could be a significant force, and concentrate on those. A new management structure was being put in place. Improving margins was a priority, he said.

CWS suspends two senior executives

By Clay Harris and Peggy Hollinger

The Co-operative Wholesale Society, which is under pressure from a predator to sell some of its main businesses to him, yesterday suspended the two most senior executives in its food retailing arm.

It cited a "suspected recent

serious breach of trust".

The mutually owned retailer also said it had commissioned an external investigation into business dealings since 1994 between divisions managed by the two men and companies controlled by Mr Andrew Regan.

A company run by Mr Regan bought CWS's food manufacturing businesses in 1994, and he is now urging the flagship of the Co-operative movement to do another deal.

CWS said it had "unfortunately proved necessary" to suspend Mr Allan Green, controller for retailing, and Mr David Chambers, chief general manager for buying, marketing and supply chain.

The men direct a business with annual turnover of more than £30m.

Mr Regan, whose current corporate vehicle is Lancia Trust, a Guernsey-registered investment trust, has urged CWS to sell some of its non-food businesses including funeral services and travel agencies.

CWS so far has rejected all his overtures.

AMP, which bought Pearl for £1.1bn in 1988, is keen to expand its presence in the UK, but recently lost out to Prudential Corp in the bid for Scottish Amicable.

To balance Pearl's customer base, it is keen to buy a life insurer with a more upmarket clientele.

COMMERCIAL PROPERTY

INVITATION TO OFFER

IRITECNA S.p.A. in liquidation (IRI GROUP) and its subsidiaries, within the voluntary liquidation proceedings.

ARE TO SELL

INDUSTRIAL COMPLEXES IN ITALY

MILAN

NERVIANO
Industrial complex composed of a building for office use 3,640 sq.m. s.l.p. (gross floor area) warehouse of 22,600 sq.m. and surrounding area of 25,324 sq.m. with small buildings and roofings. The whole complex covers an area of 60,350 sq.m.
Destination P.R.G. (General City Plan): productive and artisan area D2 outside the range of residential areas. Art. 20 N.T.A. (Technical Realization Rules).

PIEVE EMANUELE
Industrial complex composed of 6 civil buildings for office use, data processing center, canteen, guest quarters 4,337 sq.m. s.l.p. (gross floor area), 4 industrial buildings for 16,637 sq.m. (gross floor area) and surrounding area of 42,650 sq.m. with roofings, parking spaces and empty lots. The whole complex covers an area of 79,300 sq.m.
Destination P.R.G. (General City Plan): industrial zone for completion D3. Art. 45 N.T.A. (Technical Realization Rules).

NAPLES

VIA GIANTURCO 21/C
Industrial complex composed of 6 buildings. Bld. A: warehouse, offices, service units. Bld. B and E: deposits. Bld. C and D: offices. Bld. F: Porter's lodge. The whole complex covers an area of 17,791 sq.m. s.l.p. (gross floor area).
Destination P.R.G. (General City Plan): equipment and services area for harbour activities F2.

VIA GIANTURCO
Industrial complex located in two areas. Eastern Area: composed of 2 buildings used for offices, canteen, services, roofings. Western Area: composed of 4 warehouses and small buildings and roofings. Warehouse for 38,251 sq.m. s.l.p. (gross floor area). Offices use buildings, various services, roofings, parking area 7,828 sq.m. s.l.p. (gross floor area). The whole complex covers an area of 60,807 sq.m.
Destination P.R.G. (General City Plan): equipment and services area for harbour activities F2. Art. 12 N.T.A. (Technical Realization Rules).

TARANTO

SAN GIORGIO JONICO
Industrial complex composed of a building for office use and common use services 1,850 sq.m. s.l.p. (gross floor area), warehouse (industrial building) and small areas with roofings and parking, 5,500 sq.m. s.l.p. (gross floor area). The whole complex covers an area of 19,855 sq.m.
Destination P.R.G. (General City Plan): industrial zone D for productive installations, for commercial activities, artisan and agricultural product transformation.

REAL ESTATE COMPLEXES IN ITALY

GENOVA

VIALEFRANCIA 1
Real estate complex "Torre Nord" ("station")
Recent building (1990) "joint" ownership composed of 2 basement floors of approx. 5,000 sq.m., ground floor, garage and 24 elevated floors of which 7 (from 1st to the 7th) owned by third parties with autonomous access.
The areas being sold are composed of:
• Offices approx. 28,500 sq.m. (from 9th to 24th floor)
• Offices and commercial units approx. 5,000 sq.m.
• Garage (over 300 car spaces) 7,700 sq.m.
Destination P.R.G. (General City Plan): infrastructure for harbour station accessibility with the installation of administrative and commercial functions, where pertinent in zone X of P.P. of S. Reigino. The sale could concern the whole complex even through the acquisition of the stockholding package of the Company owning the real estate; that is, through the acquisition of one or more floors of the building.

MILAN

CINQUELO BALSAMO
Complex composed of land divided in 3 lots. On lot A there are minor constructions, on lot B a building for office use, and lot C results empty. The whole complex covers an area of 15,800 sq.m.
Destination P.R.G. (General City Plan): D3 zone, tertiary zone, with partial road area and zone AP, zone for municipal public equipment at communal level. Art. 19, 24 N.T.A. (Technical Realization Rules).

AREZZO

CORTONA
Real Estate Complex "La Corti"
Complex composed of 32 livable units typologically divided in 25 terraced villas and 7 independent apartments. Total 60,000 sq.m. Commercial area 7,572 sq.m.
Destination P.R.G. (General City Plan): conventional lodging, subject to approved variation (1° lot) 41,800 sq.m.

NAPLES

NUOVO CENTRO DIREZIONALE
Via G. Pascale, 4
Tertiary destination building (partly), composed of: level floor 8.00, ground floor, intermediate floor, 1st and 8th floor, attic with terraces. Total area of 5,043 sq.m.

MONTE PATO
Building complex composed of residential, tourist, sporting and agricultural equipment, distributed on a total surface of 420 hectares.

LAND IN ITALY

NAPLES

VIA NUOVA POGGIOREALE
Land 2,850 sq.m.
Destination P.R.G. (General City Plan): A3 zone - building conservation with restructuring possibilities, equal to the existing volumes.

AGNANO
Agricultural land 1,980 sq.m.
Destination P.R.G. (General City Plan): M1 zone - integrated equipment part. Changes in progress: destination "Scientific and Technological purposes".

REAL ESTATE COMPLEX IN SPAIN

SEVILLE

Area EXPO'
Commercial building composed of basement floor, ground floor, three floors divided in four distinctive areas and an attic floor.
Overall area 12,478 sq.m. Total covered usable area 7,404 sq.m.
Destination P.R.G. (General City Plan): Canale special plan 52/1993: the land on which the building is situated, is identified as a zone for advanced Technology and University research. The sale could concern the whole complex even through the acquisition of the stockholding package of the Company owning the real estate.

REAL ESTATE IN ARGENTINA

Buenos Aires

Calle Florida, 1
Units in building complex for office use. 5th floor 255 sq.m.; 7th floor 524 sq.m.; parking space 14 sq.m.

Information can be obtained from IRITECNA S.p.A. in liquidation - Viale Liegi, 33 - 00198 ROME - ITALY

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FT Surveys

Exercise of unprecedented complexity

Christopher Brown-Humes takes a look behind the scenes at Norwich Union's flotation

Imagine a big UK financial services group undergoing a pioneering demutualisation and flotation involving nearly 3m people.

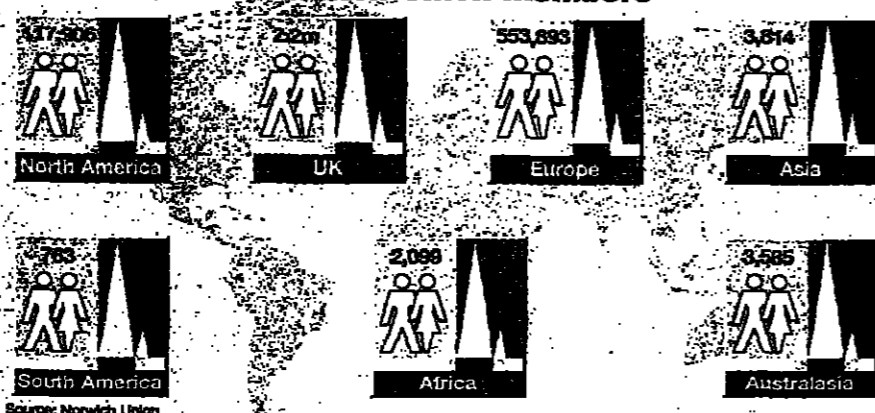
Then assume the members live in 168 different countries. Add for good measure a big corporate restructuring and a £1.75bn (\$2.83bn) capital raising exercise and you can begin to understand why Norwich Union's £2bn flotation has been an exercise of unprecedented logistical complexity.

The plans should take a big step forward today when members at a meeting in London are almost certain to approve the June float. This brings nearer a pay-out worth an average of more than £1,000 for each member.

Norwich Union is not the biggest participant in this year's demutualisation wave - that honour belongs to Halifax Building Society which has 8.5m members and will have a market value of about £12bn when it converts to a bank in June.

But because it has 700,000 overseas customers with different types of policy - Halifax has fewer than 100,000 overseas customers - and because a complex internal restructuring of the group's

Distribution of Norwich Union members



life and general insurance businesses is happening simultaneously, Norwich has faced special challenges. "The Halifax is bigger in terms of sheer numbers but Norwich has been more complex overall because of the overseas dimension," says Mr Nigel Morris, a director of Solid Solutions, who advised both groups on the logistics of their flotations.

Mr Tim Wiese, a director of Kleinwort Benson, the merchant bank advising Norwich Union, says the insurer differs from the converting building societies, including Halifax, in another respect

"The reason we have faced so much uncharted territory is because Norwich Union is the first UK life insurer to demutualise and float. At least the building societies have had the example of Abbey National, which floated in 1989, to follow."

Norwich needed permission for its plans from insurance regulators in eight jurisdictions where it has branches, because its members in these territories were all entitled to windfall payouts: these were the UK, France, Canada, Belgium, the Irish Republic, Isle of Man, Jersey and Guernsey.

It also had to obtain permission from 50 securities regulators worldwide to distribute free shares in their territories. This was not as easy as it seemed: the Australians, for example, objected to the use of the term "free shares" on the grounds that it misleadingly implied members were getting something for nothing rather than getting shares in exchange for their loss of membership rights.

To make matters more complicated, the insurer had to undergo a separate demutualisation in Canada, involving a separate circular for its

120,000 Canadian policyholders and a separate vote; it also had to get new primary legislation passed in Jersey and Guernsey. In both cases, this was to comply with local laws.

There was also the question of dealing with policyholders in so many different countries, some in far-flung corners of the globe. Two French policyholders live in Laos, for example, while three Belgian ones live in Togo.

Tracking down some policyholders involved considerable effort as the insurer had 50,000 "lost" members. It relied on multiple mailings, use of electoral rolls and two tracking agents to reduce this figure to less than 10,000.

Operating across so many different countries helps explain why the total flotation costs rose to £120m, against the Halifax's £130m.

Not surprisingly, printing and postage posed particular headaches, as did language.

The policyholder circular, which went out to members last month, was published in English, German, Flemish, French, Belgian French and Québécois.

Different combinations of country, type of policyholder

and language meant Norwich Union had a total of 87 different mailings to despatch. Colour-coding ensured inserts tallied with envelopes.

There were also unexpected constraints. For example, a postmaster in Lille would only accept a 350,000 mailshot at an exact time on an exact date to match the date printed on envelopes several months in advance. "If we had been late, we would have had to reprint and restuff everything," said Mr Morris.

At least Norwich Union did not have to follow the converting building societies which, to meet legislative requirements, had to send all members highly-detailed documents about their plans and strategy. This meant its members received a 48-page policyholder circular containing 460 tonnes of paper, against the 173-page Halifax transfer document which consumed 5,000 tonnes of paper and 30,000 trees.

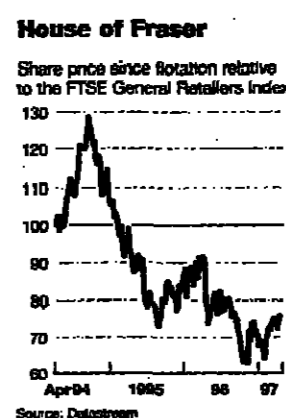
As for hiccups, so far there have been remarkably few. But 300 French policyholders did hear about the flotation plans a day before everyone else last October, because a mailing went out 24 hours early by mistake.

LEX COMMENT

Fraser

Following three dismal years since flotation, House of Fraser looks finally to have turned the corner. This will come as welcome relief to shareholders who have gritted their teeth as the shares have stumbled along below their 180p issue price. Yesterday they finished at 185p. While any progress is welcome, it is too early to celebrate; the extent of HoF's problems defies any quick return to health. The main advance has been to produce a coherent strategy, centred on a better understanding of whom it is selling to. The thrust of focusing on margin gains rather than relying on improved sales looks correct. Indeed, sales are likely to be staid as HoF tries to curb its discounting habit. The trick will be to focus on selling more own-bought and private label goods where margins are better than with concession business. There is much to play for. Each percentage point rise in margins will lift profits by 16m; HoF's own-bought gross margins of 36 per cent should be 45 per cent or higher.

The acid test will be the autumn and winter ranges - the first evidence of the new strategy fully at work. Until such time the shares remain a speculative play, albeit made less risky by the generous provisions taken in these figures. But if that hurdle is successfully cleared, and with huge efficiency gains still to be garnered in areas like distribution, investors will be entitled to wonder whether this is not another Next or Burton in the making.



First valuations for Alliance

By Christopher Brown-Humes

The first valuations of Alliance & Leicester will emerge later today when institutions pitch for 9 per cent of the shares in the new bank in the first of three auctions.

The outcome will have a crucial bearing on the opening price of the shares on Monday when trading on the Stock Exchange begins.

Analysts expect the shares to open between 470p and 510p, which at the top end would give 2.2m people an average windfall worth £1,275 (\$2,065). This is well above the 385p to 435p price

range indicated last October when A&L published its transfer document.

The auctions, which are being run by Cazenove, are an innovative way of easing the flow of shares from the retail to institutional market. But some institutions are uncomfortable with the absence of a normal market-making mechanism, which may lead them to stay on the sidelines in the first auction.

A&L members holding 157m shares, equal to 27 per cent, have said they want to sell immediately.

The first auction for 52.3m shares will be held tonight; the second and third on Monday and Tuesday.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividend corresponding dividend	Total for year	Total last year
Abacus Records	6 mths to Dec 31	5.5 (2.89)	0.22 (0.11)	2.5 (0.8)	-	-	-	-
Action Computer	6 mths to Feb 28	80 (83.4)	2.3 (1.43)	4.31 (2.8)	1.85	June 17	-	-
Alliant Fisher	6 mths to Feb 28	669.6 (827.5)	19.1 (24.4)	1.57 (4.14)	1.85	July 4	1.85	3.75
BATM & S	Yr to Dec 31	9.75 (7.62)	3.04 (2.75)	10.59 (10.72)	5.025	June 16	5.025	-
Beet (Gerry)	Yr to Dec 31	182.1 (170.2)	9.30 (8.50)	25.1 (23.6)	5.9	June 6	5.55	7.5
Bracewell	Yr to Dec 31	0.139 (0.074)	0.163 (0.229)	1.051 (2.38)	-	-	-	-
BB&A	6 mths to Dec 31	18.2 (20.4)	0.024 (0.133)	0.5 (1.0)	nil	-	nil	nil
Chesterfield Int'l	6 mths to Dec 31	75.1 (33.3)	3.31 (2.01)	2.21 (2.4)	1	June 12	1	3
Equinox Products	Yr to Dec 31	59.1 (60.5)	0.333 (0.21)	0.61 (3.5)	1.1	-	0.57	1.85
Gallagher	Yr to Dec 31	32 (33.1)	3.94 (3.5)	13.6 (11.8)	2.84	-	2.89	4.24
Harlequin Europe	Yr to Dec 31	67.7 (55.7)	5.9 (5.26)	14.6 (15.5)	2.85	July 8	2.4	4.3
House of Fraser	Yr to Jan 25	748.9 (38.4)	14.3 (14.3)	11.9 (5)	3.8	July 1	3.8	5.5
Int'l Energy	Yr to Dec 31	72.2 (83)	5.53 (4.41)	8.26 (6.33)	3.4	-	2.9	4.45
Jacks (William)	Yr to Jan 31	108.3 (87.9)	1.21 (0.62)	6.33 (2.59)	1.25	July 4	1	2.25
Jackson	Yr to Dec 31	91.6 (70.6)	1.31 (1.11)	3.9 (3.2)	1.4	July 2	1.3	2.1
Lange-Sum	Yr to Dec 31	7.92 (7.34)	0.302 (0.222)	0.61 (1.2)	-	-	-	-
London	Yr to Dec 31	44.6 (31.5)	1.39 (0.786)	14.3 (7.3)	-	-	-	-
The Rank	53 wks to Feb 2	105.1 (96.5)	8.79 (7.93)	10.73 (9.87)	2.75	July 29	2.25	3.35
							2.75	2.75
	NAV (p)	Attributable earnings (p)	EPS (p)	Current dividend (p)	Date of payment	Dividend corresponding dividend	Total for year	Total last year
Investment Trusts								
Barclays British	3 mths to Mar 31	144.9 (141.94)	0.388 (0.455)	1.89 (2.22)	2.25	May 31	2.1	8.4
Barclays VCI	54 wks to Feb 28	101.5 (95.55)	0.886 (-)	3.48 (-)	1.7	May 30	3.2	-
MS Latin American	Yr to Feb 28	97.97 (79.63)	0.424 (0.299)	0.33 (0.21)	0.33	June 25	0.26	0.33
Murray Spill	6 mths to Feb 28	271.2 (233.75)	0.279 (0.416)	3.5 (5.2)	2.9	July 3	2.75	11.4
3i Smaller Listed	Yr to Feb 28	180.3 (160.4)	2.46 (1.72)	4.25 (5.09)	2.86	June 24	0.77	3.8

Earnings shown basic. Dividends shown net except for Gross throughout. Figures in brackets are for corresponding period. Allm stock. After exceptional charge. After exceptional credit. 10m increased capital. SUS currency. * Comparative restated. † At December 31. SSN April 4. SAT August 31. * Second interim; makes 5.8p to date. ‡ Excludes 0.74p special.

Fraser signals reversed trend

By Peggy Hollinger

House of Fraser yesterday signalled a reversal of a trend which has hampered profits growth in recent years, by saying that sales of women's wear it buys itself had for the first time outpaced concessions in its department stores.

Mr John Coleman, chief executive of House of Fraser, said the group had "cleared out autumn and winter stock at the right time and brought in the spring range at the right time" which had helped to fuel strong growth in the ranges purchased by the group's own buyers. Typically these attract 20 per

cent more profit margin than the sales of women's wear made through concessions run by brand owners. Mr Coleman's comments came as he reported an £800,000 increase in annual pre-tax profits before exceptional items to £14.8m (\$24m). Exceptionals of £53.2m forced the group into a pre-tax loss of £38.4m. Sales rose by 4.3 per cent to £781.4m for the year to January 25.

Although confident of the outlook for the rest of the year, Mr Coleman cautioned that expectations should not rely too heavily on the outcome of a 10-week trading period. "It is still early days," he said.



SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left. You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing. And nothing is all they'll ever have unless we all extend a helping hand. We know you can't give them back the things that others have taken away.



United Nations High Commissioner for Refugees

We're not even asking for money (though every cent certainly helps). But we are asking that you keep an open mind. And a smile of welcome.

It may not seem much. But to a refugee it can mean everything. UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

UNHCR Public Information
P.O. Box 2500
1211 Geneva 2, Switzerland

DSM N.V. invites shareholders to Annual General Meeting

The DSM N.V. Annual General Meeting will be held at the company's head office at Het Overloot 1, Heerlen (Netherlands) on Wednesday, 7 May 1997 at 2 p.m.

Agenda:

1. Opening
2. Annual report for 1996 by the Managing Board
3. Approval of the Financial Statements for 1996 and proposal by the Managing Board to pay out the final dividend of NLG 6.35 per ordinary share in cash or in shares, at the shareholder's discretion
4. (Re)appointment of a Supervisory Board member
5. Appointment of a Managing Board member
6. Proposal to extend the period during which the Managing Board is authorized to issue shares
7. Authorization of the company to acquire its own shares
8. Proposal to reduce the issued capital by cancelling shares. The aim of the proposed cancellation is to ensure that the increase in the number of issued shares resulting from the payment of a stock dividend and the execution of options granted to DSM's management will not have effects which DSM and its shareholders may consider undesirable.
9. Any other business
10. Closure

The agenda with notes, the Annual Report, the Financial Statements and other relevant documents are available for perusal at the company's head office and the deposit banks, where they can be obtained free of charge.

Deposit banks are:
United Kingdom: SBC Warburg, 1 High Timber Street, London.
Netherlands: ABN AMRO Bank N.V., Herengracht 595, Amsterdam.

Holders of bearer shares who wish to attend the meeting should deposit their share certificates with one of the above-mentioned deposit banks not later than Friday, 2 May 1997 against a receipt that they must be able to produce to gain admission to the room where the meeting will be held.

Holders of registered shares should inform the Managing Board of Directors of their intention to attend the meeting not later than Friday, 2 May 1997.

Identification should be made available upon request. The above also applies to those who derive the right to attend the meeting from their rights of usufruct or lien on shares.

Heerlen, 18 April 1997
The Managing Board

DSM N.V., P.O. Box 6500, 6401 JH Heerlen (Netherlands)
tel. (31) 45 5782864, fax (31) 45 5713741
Internet: <http://www.dsm.nl>



Notice to the Bondholders of US\$120,000,000 Finance One Public Company Limited

2 per cent subordinated Convertible Bonds due August 31, 2001 (The "Bonds")

Notice of Closed Period

NOTICE IS HEREBY GIVEN to the holders of the outstanding Bonds of Finance One Public Company Limited (the "Company"), in accordance with the Terms and Conditions of the Bonds, that the Annual General Shareholders' Meeting will be held on 28 April 1997 and the Closed Period, during which the Company shall close its shareholders' register, runs from 8 April 1997 up to 28 April 1997, and will resume normal registration on 29 April 1997.

Finance One Public Company Limited
18 April, 1997



ALLIANCE INTERNATIONAL HEALTH CARE FUND

société d'investissement à capital variable
35, boulevard Prince Henri, Luxembourg
RC Luxembourg B 25 105

Notice of reconvened Extraordinary General Meeting of Shareholders
As the Extraordinary General Meeting of shareholders convened for March 26, 1997 was not able to deliberate and vote on the items of the agenda as a result of a lack of quorum, the shareholders of Alliance International Health Care Fund are hereby reconvened to an extraordinary general meeting which will be held in Luxembourg, 35, boulevard Prince Henri, on Monday, May 5, 1997 at 2:30 p.m. for the following purpose:

- To approve the change of the name of the Fund from Alliance International Health Care Fund into ACM International Health Care Fund and to amend article 1 section 1 of the articles of incorporation accordingly.

No quorum will be required but resolutions on the agenda of the extraordinary general meeting will be adopted if voted by two thirds (2/3) of shares present or represented.

By order of the Board of Directors

March 28, 1997

R.D. Snaar
Chairman

INTERNATIONAL CAPITAL MARKETS

BT adds \$500m to five-year issue

INTERNATIONAL BONDS
By Richard Lapper,
Capital Markets Editor

British Telecommunications yesterday took advantage of strong European demand for short and medium-term debt assets to increase the size of a five-year \$1bn issue launched last week. The \$500m increase makes it one of the biggest corporate eurobonds ever issued.

Syndicate managers at Merrill Lynch, which led the deal alongside SBC Warburg, said demand for yesterday's additional amount was particularly heavy in Switzerland and the UK. Priced to yield 12 basis points over Treasuries, the spread narrowed to 9 basis points by late afternoon.

Elsewhere, a clutch of deals was launched with an

eye to the introduction of the single European currency in 1999. The European Investment Bank issued the first sterling bond with a clause allowing for its redemption in euros should the UK adopt the single currency. Although bankers believe sterling is unlikely to participate in ERM from the start, BZW, the lead manager, said the provision, which was agreed with the Bank of England, was prudent given the 10-year maturity.

"No one really expects sterling to be in the single currency," said a syndicate official at another bank. "But who knows? The clause might become relevant in the next 10 years."

BZW said the launch was helped by the strength of sterling on the foreign exchange market, as well as

by the high level of UK yields compared with other European markets.

Mexican launched its first 20-year issue in lire, the longest yet in the currency by a Latin American borrower. Syndicate officials at Deutsche Morgan Grenfell said the issue was part of Mexico's strategy to diversify into European currencies other than the D-Mark ahead of ERM.

Priced at about 290 basis points over the lire swaps rate, the deal carries a coupon of 11 per cent. Mexico's existing 10-year lire issue, launched earlier this year, is currently trading at about 180 basis points over BTs. Mexico is aiming to establish a yield curve in lire, against which the country's corporates would be able to price bond issues.

This currently consists of

New international bond issues

Borrower	Amount	Coupon	Price	Maturity	Yield	Spread	Book-runner
US DOLLARS							
British Telecom	500	6.75	98.32R	Apr 2002	0.25R	+127 (B/M)	Merrill Lynch
Merrill Lynch & Co	250	7.25	98.78R	May 2002	0.30R	+101 (M)	Merrill Lynch
Sumitomo Bank	250	100.00R	Apr 2002				Sumitomo Bank
WestLB Finance Corp	200	7.25	99.50R	May 2002	0.25R	+138 (B/M)	WestLB
EURO							
KfW International Finance	250	4.75	99.57R	May 2002	0.25R	+104 (M)	Deutsche Morgan Grenfell
City of Göttingen	250	4.75	100.00R	May 2001	0.15R		Deutsche Morgan Grenfell
Exide Holding Europe	175	6.125	99.57	Apr 2004	2.75		Morgan Stanley
YEN							
European Inv Bank	500	7.625	98.16R	Dec 2007	0.25R	+127 (B/M)	Barclays de Zeeuw
LIRES							
United Mexican States	1000	11.00	100.00R	May 2017	0.70R		Deutsche Morgan Grenfell
Council of Europe	1000	11.00	100.00R	May 2007	0.75R		Credit Suisse
CANADIAN DOLLARS							
Province of Manitoba	125	7.00	99.80R	May 2007	0.35R	+167 (B/M)	CIBC Wood Gundy
SEK							
Kingdom of Sweden	150	10.00	100.00	Apr 2000	none		Argenta
De NIS	100	10.00	100.00	Apr 2000	none		Argenta

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Low-quality debt market seen closer

By Samer Iskandar

The successful launch yesterday of the second European high-yield bond issue was hailed by bankers as a significant step towards a liquid market for low quality corporate debt.

Exide Holding Europe, a wholly-owned subsidiary of Exide Corp, the world's largest manufacturer of automotive and industrial batteries, raised DM175m in a seven-year bond issue aimed mainly at European investors, who took up about 80 per cent of the total. The remaining 20 per cent was sold to US institutional investors under Rule 144a of the Securities and Exchange Commission.

"What we have seen so far is only the tip of the iceberg that this market can become," said Mr John Wotowicz, an executive director at Morgan Stanley in London, which led the issue. "The number of issues could easily double next year," from about 10 deals worth almost \$1bn expected this year.

The bonds were priced to yield 375 basis points over the 7-year benchmark bond, at the tightest end of the announced range of 375-400 basis points. "This reflects the strength of demand that we met," Mr Wotowicz said. The amount was more than twice oversubscribed, allowing the Exide to lift the issue from the initial DM150m.

The bonds are rated B1 and Moody's and Standard & Poor's, the US rating agencies. These ratings place the securities in the high-risk speculative category.

Exide will use the proceeds of the issue to cut existing bank debt. A small part of the funds will also finance the purchase of a small European competitor.

Although the bonds' interest cost will not be lower than that of the bank debt, the company believes it will gain in terms of flexibility. The so-called "bullet" structure of the bonds, whereby the principal is entirely redeemed at maturity, removes the pressure associated with the gradual amortisation typically associated with bank loans. Morgan Stanley also pointed out that bond covenants are usually less constraining than conditions imposed by lending banks.

"We have known for years that there is strong demand for high yield/high risk bonds in Europe," said one banker in London.

Morgan Stanley said it had been selling US-listed high-yield bonds to European investors for nine years.

The first European high-yield bond was launched last week by Gebert International, the Swiss sanitary technology firm recently acquired by UK venture capital firm Doughty Hanson.

Some bankers have said a liquid high-yield market in Europe could change the way mergers and acquisitions are conducted. Providers of mezzanine finance, a form of long term private capital that is less dilutive than equity, could suffer a decline in activity. Venture capitalists, who typically assume a managerial role in exchange for their participation, could also suffer.

Italy and Spain lower on Emu doubts

INTERNATIONAL BONDS
By Michael Lindemann
in London and
Richard Waters in New York

European bond markets had a mixed day, with Italy and Spain edging downwards on speculation that their membership of European monetary union might be delayed. Gilts and bunds headed upwards, helped by a buoyant US Treasury market.

Suggestions, originally reported in the Italian press on Wednesday, that Germany and France had struck a "secret deal" to delay Italy and Spain's entry into Emu were given further currency by Mr Hans Tietmeyer, the Bundesbank president.

Mr Tietmeyer said the key question in assessing whether a country should join the proposed single currency was the sustainability of its economic indicators. "What is important is that the situation should be sustainable," he said, presenting the Bundesbank's 1996 annual report.

Italian BTs fell on worries that Italy might not be able to sustain its budget deficit and other Emu criteria. The June BT futures settled at 128.37, down 0.15. The 10-year yield spread of BTs over bunds widened 4 basis points to 175 points.

Spanish bunds also edged lower. The June bond future settled 0.09 down at 113.70. Bunds' 10-year yield spread

over bunds also widened 4 basis points but is, at 102 points, still significantly lower than Italy's. Given that the latest reports suggest Spain's Emu entry will also be delayed, Mr Tietmeyer, fixed income strategist at Merrill Lynch, suggested switching from bonds to BTs.

German bunds were helped by the weaker than expected Ifo business sentiment survey for March. The index had been expected to rise towards 94 points, but instead fell to 92.4 points.

In London, the June 10-year bond future settled 0.29 higher at 100.93. A fall in March inflation data helped UK gilts upwards early yesterday, a

rise that was compounded later in the day by a fall in the Philadelphia Federal Reserve Bank's business activity index. The June long gilt future gained 1/8 to close at 110 1/8.

US Treasury prices recovered on new indications that US economic growth was moderating.

Prompting the rise, which took the yield on the long bond back almost through the 7 per cent barrier, was the Philadelphia Federal Reserve Bank's index of business activity. The overall index of general business conditions fell to 5.7 in April from 21.1 in March and 17.4 in February, pointing to a slowdown in the US manufacturing sector.

The bond market's enthusiasm was tempered, however, by an unexpected jump in the prices paid component of the index, which rose to 19.9 from 13.3. The Philadelphia Fed's report is a prelude to the more widely followed NAPM report, to be released on May 1.

A rise in weekly unemployment claims also supported the Treasury market yesterday. Initial claims for the latest week were 332,000, the highest since January.

The reports fuelled another rally in bond prices, with the 30-year Treasury rising 1/8 by lunchtime in New York, to 94 1/8, taking the yield down to 7.03 per cent. Among shorter-dated securities, the two-year note was

up 1/8 at 99 1/8, to yield 6.38 per cent.

The London International Financial Futures and Options Exchange resumed trading in its futures and options on German bunds, after changing the contract's specifications, writes Samer Iskandar.

Life last week suspended Bund futures maturing in December, after the Bundesbank decided to modify the structure of 10-year bunds. New 10-year bunds deliverable against Life's contract will from this month be issued with maturities of slightly over 10 years. Life has modified its bund future to accept delivery of bunds with maturities of 8.5-10.5 years.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Day's change	Week change	Month change
Australia	6.750	11/09	93.0567	+0.190	7.79	7.98
Austria	5.750	10/07	99.2600	+0.250	5.65	5.82
Belgium	6.250	03/07	102.2500	+0.180	5.94	6.20
Canada	7.000	12/06	102.3500	+0.280	6.86	6.94
Denmark	8.000	03/08	109.8000	+0.140	6.54	6.83
France	4.750	03/02	102.9535	+0.040	4.76	4.81
Germany	5.000	01/07	101.0000	+0.020	5.71	5.87
Italy	6.000	10/07	101.0000	+0.380	5.80	5.92
Japan	8.000	08/09	106.0000	+0.300	6.67	6.80
Netherlands	6.250	03/07	98.4300	+0.200	7.42	7.36
Portugal	6.000	09/01	121.3541	+0.030	6.60	6.63
Spain	8.000	09/01	105.8734	+0.190	2.15	2.28
Sweden	5.750	02/07	100.9000	+0.380	5.71	5.82
Switzerland	7.000	12/06	102.3500	+0.280	6.86	6.97
UK Gilts	7.350	03/03	105.5600	+0.180	6.83	6.91
US Treasury*	8.000	08/07	105.8511	-	7.17	7.22
US Treasury*	7.000	05/02	99.4600	+8.72	7.16	7.23
US Treasury*	7.250	12/07	99.11	+14.52	7.24	7.29
US Treasury*	8.000	10/08	110.28	+15.02	7.57	7.73
US Treasury*	6.250	02/07	99.29	+0.220	6.83	6.81
US Treasury*	6.625	02/07	99.29	+0.220	6.83	6.81
US Treasury*	6.000	10/08	106.2000	+0.030	6.09	6.16

*London clearing, West, New York, etc.
Prices including withholding tax at 12.5 per cent payable by nonresidents
Source: *London Market Standard*
Prices US, UK & 30-day, other 90-day

CURRENCIES AND MONEY

Dollar recoups losses against yen

MARKETS REPORT

By Emilio Terao

The dollar closed higher against the yen yesterday, shrugging off jitters over heightening US-Japan trade tensions.

The US currency, which dipped to a low of ¥125.10 in trading in Tokyo on the release of Japanese trade figures, closed up ¥0.17 at ¥125.27. The 11.2 per cent increase of Japan's March trade surplus with the US triggered selling of the dollar against the yen, while investors were unnerved by comments by an official at Japan's Postal Life Insurance Bureau implying a cautious stance over foreign bond investments.

However, the realisation that the decline in Japan's global trade surplus was double that of initial expectations sparked buy-backs of the dollar. In US trading, comments by Mr Everett

Ehrlich, under secretary of the US Commerce department, that the level of the dollar was not driving trade figures, pushed up the dollar above the ¥125 level.

The short term prospects for the US currency look positive, said Mr Don Smith, international economist at HSBC Midland in London. "The trade data does not look alarming and there has been a surprising lack of rhetoric from the US," he said.

The D-Mark was supported by comments by Mr Hans Tietmeyer, Bundesbank president, saying the bank was not interested in seeing the German currency weaken further. The dollar, which was bought earlier in the day following the release

of a weaker-than-expected German Ifo business confidence survey, fell 0.2 pence against the D-Mark to DM 1.7357.

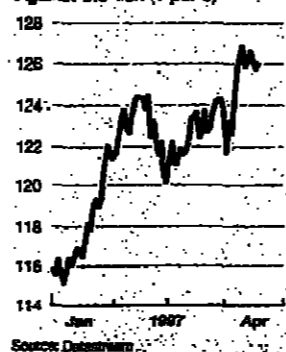
Sterling edged higher, closing up 0.6 pence against the D-Mark at DM2.8109 and 0.6 cents versus the dollar at \$1.6289. The pound received initial support from favourable UK inflation figures.

The Swiss franc weakened against the D-Mark on Mr Tietmeyer's comments. It fell 0.2 centimes to 85.2 centimes. Recent concerns over monetary tightening by the Swiss National Bank has helped support the currency, although the central bank yesterday maintained its discount rate unchanged after its weekly meeting.

The Swiss economy has started to indicate some signs of recovery, with its March labour market data showing the sharpest month-on-month decline in unemployment since the second

Dollar

Against the Yen (¥ per \$)



Source: Reuters

Mr Chris Turner, analyst at BZW in London.

The Canadian dollar closed almost flat at C\$1.3976 against the US currency, after volatile trading. US funds were seen selling the currency, pushing the Canadian dollar to a two-year low of C\$1.4018 in overnight trading - triggering intervention by the Bank of Canada.

The currency has been weak since the end of last year due to seasonal developments. It has seen further weakening since the US Federal Reserve raised interest rates last month, which caused concerns over an outflow in capital due to interest rate differentials between

the US and Canada.

However, in spite of the robust Canadian economy, economists see a near term interest rate increase as unlikely, since the Bank of Canada remains cautious over excess capacity and high unemployment. Economists say it is worried about deflation rather than inflation.

Mr Carl Weinberg, chief economist at High Frequency Economics, based in the US, predicted a prolonged weakness of the Canadian dollar due to the country's trade surplus remaining below the C\$3bn level seen during the third and fourth quarters of last year.

A further sell-off may be unwarranted since the Canadian dollar remained firm against the D-Mark and the yen. "It's an attitude problem of the domestic traders who remain sceptical of the strength of the Canadian currency," he said.

MONEY RATES

Apr 17	Over night	One month	Three months	Six months	One year	Long term	De. rate	Repo rate
Belgium	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	6.00	2.50	-
France	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3.10	-	4.75
Germany	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	4.50	2.50	3.00
Italy	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	-	-	6.25
Netherlands	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	8.25	6.75	7.50
Switzerland	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	-	-	1.00
US	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	-	-	5.50

LIBOR FT London

Interbank	3 months	6 months	9 months	12 months
US Dollar	5.50	5.67	5.81	6.14
ECU	4.25	4.42	4.56	4.82
SDR	3.25	3.42	3.56	3.82

LIBOR interest rates are offered rates for 500m pounds to the market by four reference banks at 11am each working day. The banks are: Barclays Bank, Bank of Tokyo-Mitsubishi, Citicorp and National Westminster Bank. All rates are shown for the London Money Rate. US, UK, ECU & SDR Linked Deposits (DL)

EURO CURRENCY INTEREST RATES

Apr 17	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Dutch Guilder	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
French Franc	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Portuguese Esc	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Spanish Peseta	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Sterling	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Swiss Franc	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Canadian Dollar	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
US Dollar	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Italian Lira	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Japanese Yen	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Asian Ring	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2

Short term rates are call for the US Dollar and Yen, others: 10 days' notice. Short term rates are shown for the London Money Rate. US, UK, ECU & SDR Linked Deposits (DL)

THREE MONTH EURO CURRENCY FUTURES (LFF) 100m points of 100%

Apr 17	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.58	96.58	-0.10	96.59	96.54	71,748	1,147
Sep	96.57	96.57	-0.06	96.58	96.54	29,560	49,682
Dec	96.49	96.49	-0.04	96.55	96.47	13,184	34,020

THREE MONTH EURO CURRENCY FUTURES (LFF) 100m points of 100%

Apr 17	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.76	96.76	-0.01	96.76	96.74	30,508	22,083
Sep	96.72	96.71	-0.01	96.72	96.69	26,462	19,581
Dec	96.58	96.57	-0.02	96.59	96.55	34,815	21,074
Mar	96.42	96.42	-0.02	96.44	96.40	31,743	17,194

ONE MONTH EURO CURRENCY FUTURES (LFF) 100m points of 100%

Apr 17	Open	Sett price	Change	High	Low	Est. vol	Open int.
May	96.78	96.78	-	96.78	96.78	0	4,557
Jun	96.78	96.78	-	96.78	96.78	0	7,725
Jul	96.77	96.77	-	96.77	96.77	0	50
Aug	96.77	96.77	-	96.77	96.77	0	5

THREE MONTH EURO CURRENCY FUTURES (LFF) 100m points of 100%

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THREE MONTH EURO CURRENCY FUTURES (LFF) 100m points of 100%

Apr 17	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.76	96.76	-0.01	96.76	96.74	30,508	22,083
Sep	96.72	96.71	-0.01	96.72	96.69	26,462	19,581
Dec	96.58	96.57	-0.02	96.59	96.55	34,815	21,074
Mar	96.42	96.42	-0.02	96.44	96.40	31,743	17,194

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S							

Zaire mines privatisation put in doubt

By Mark Ashurst
in Johannesburg

The privatisation of Zaire's mining industry has been thrown into confusion by the advance of rebel forces, in spite of a promise from Mr Laurent Kabila, the rebel leader, to continue the process begun by the late President Mobutu Sese Sese.

The largest South African mining houses, which have dominated the bidding for Zaire's mining and mineral assets, said yesterday they had been assured by both sides in the conflict that the process was on track.

But an announcement this week that American Mineral Fields had clinched a \$1bn backdoor deal with the rebel forces to develop new projects at rebel-held Kolwezi and Kapushu has belied these claims and disappointed rival bidders.

AMF appears to have wrong-footed its South African rivals - Anglo American, Gencor, JCI and Iscor - by making an offer directly to the rebel forces. All five groups had submitted tenders to the government, the Zairean parastatal which is managing the privatisation process, by April 1.

"The tender process has not been followed... contrary to the initial impression given by Kabila," said Mr Gavin Turner, senior manager of new business development at Gencor. "If this is the pattern for the future, it doesn't bode well for the business climate in Zaire."

AMF is understood to have agreed a joint venture with Gecamines to recover copper cobalt from the Kolwezi tailings reclamation project, and to build a new zinc plant at Kapushu with a 200,000-tonne capacity. AMF will hold 51

per cent of the project, and Gecamines 49 per cent.

But other mining groups said it was not clear that the deal announced on Wednesday by Mr Jean-Ramonde Boule, AMF chairman, and Mr Mwana Nanga Mawampanga, the US-trained rebel finance commissioner, was final.

Anglo American, in Johannesburg, said Gecamines had confirmed that "tenders submitted by South African mining companies are still under consideration and no final evaluations have been made". Anglo had "not been able to establish what has happened".

Analysts said Mr Boule was in Zaire, and that there were unconfirmed reports that he had loaned a private jet to Mr Kabila and contributed up to \$20m to the rebel war effort. Zaire currently exports about 5,000 tonnes of cobalt per year, or about one fifth of the world market. At its peak in the early 1980s, Zaire exported about 15,000 tonnes annually.

Mr John Clemmow, analyst at Investec in Johannesburg, said Mr Boule had "gone beyond copper and cobalt" and suggested he could challenge De Beers in the Zaire diamond market. "If he achieves this goal, De Beers/Anglo may well have to cut a deal with Mr Boule and AMF," said Mr Clemmow.

Mr Mwana said earlier this week that the rebels would not support a monopoly in the local diamond market. De Beers has an indirect stake in Société Minière de Bakwanga (Miba), Zaire's biggest single producer of diamonds, through its 20 per cent interest in Sibeka of Belgium. Sibeka owns 20 per cent of Miba, with the balance held by the state.

Battle for oil licences seen growing

By Robert Corzine

The growing number of publicly listed oil and gas companies from developing countries is expected to lead to intensified competition for licences in the world's most promising exploration areas.

A report from Robert Fleming, the London securities house, suggests that the number of quoted emerging market oil and gas companies could double over the next two or three years to between 50 and 60 as a

result of continuing privatisation and industry restructuring in many countries.

Although most will remain focused on their domestic markets, a number are expected to expand internationally, especially in upstream areas where they perceive an advantage over their counterparts from the industrialised west.

Mr Alan Marshall, Fleming's oil analyst, said some were likely to emulate companies such as Petronas

of Malaysia, which has used religious connections and Kuala Lumpur's diplomatic relationships to help secure exploration or development acreage in other Islamic or developing countries.

The report also suggests that the trend towards privatisation and energy market liberalisation is likely to stimulate the growth of oil and gas reserves and production in those countries undertaking fundamental reforms, such as Brazil and India. Fleming says emerging market

oil companies - which currently have a combined market capitalisation of about \$90bn - could become attractive alternative investments to the traditional western integrated oil companies and independents.

Although the technical prowess of emerging market companies varies widely, industry analysts say that should not pose a big obstacle to their international expansion, as most exploration and production services are widely available from the oil service sector.

Copper price 'may fall 20%' by 1998

By Michael Peel
and Maggie Urry

Rising stocks of copper could cause its price to fall by a fifth in the next 18 months, according to a survey published yesterday by the Economist Intelligence Unit.

The report says that the size of the price cut will depend on how much of the surplus stocks are bought by China. If that country buys no more copper, then prices could fall from the current 110 cents a lb to 90 cents or lower.

The forecast is part of the EIU's quarterly look at commodity prices, which concludes that its index of 24 world commodities will fall 3 per cent this year compared

with a 2.9 per cent decline in 1996.

Aside from copper, this year's expected price weakness is based on lower prices of soft commodities and a "chronic over-supply" of crude oil.

The EIU expects its industrial raw materials index, a basket of nine hard non-oil commodities, to rise 3.4 per cent this year, down from its previous forecast of a 4.9 per cent increase.

The report attributes the changed forecast largely to the substantial fall in rubber prices in the past six months.

The decline in price resulted from an "unexpectedly large" increase in rubber output

which was not met by demand.

In soft commodities, the EIU forecasts a 6.5 per cent fall in its index, reversing the gains of 1996.

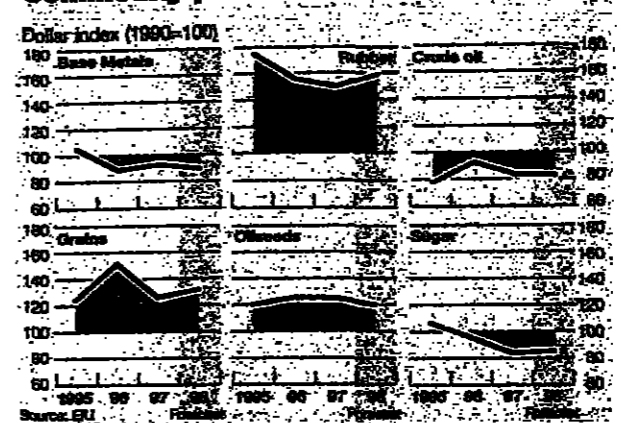
Lower grain prices, after last year's mid-year surge, will be the main feature. Even though wheat prices fell sharply in the second half of the year, 1996 still showed a 16.9 per cent increase in dollar prices.

A 15.2 per cent decline is forecast for 1997, followed by a small rise in 1998.

The EIU expects that last year's volatility will have changed agricultural policy in grain importing countries, with farmers there urged to grow more.

Meanwhile oilseed prices

Commodity price index



are expected to be flat in 1997 and to weaken in 1998 as sharp rises in 1996 and 1997 work through to increased production and lower demand.

In the US, farmers have switched from wheat to oilseeds in the wake of "freedom to farm" legislation passed last year.

Sugar prices, down 10 per

cent in 1996, have further to fall. The report predicts a drop of 11.9 per cent by the end of 1997.

The exception in soft commodities are cocoa and coffee. Shortages of both are expected to raise prices, although much of the expected gain for 1997 has already occurred in the first quarter.

Russia to lift titanium exports

By Gary Mead

Russia plans to increase exports of titanium by more than 25 per cent this year, according to Mr Yuri Yurkov, a manager of the joint stock company VSMPO, which produces 95 per cent of the country's titanium.

Mr Yurkov told a meeting of Japanese titanium users in Tokyo yesterday that VSMPO intended its titanium sales to grow from 7,100 tonnes in 1996 to 9,000 tonnes this year. Some 11,000 tonnes of the metal would be produced this year, he added, an increase of 15.8 per cent from 1996. Titanium production in Russia has slumped from a peak of 100,000 tonnes a year at the height of the cold war; domestic Russian consumption is now about 2,000 tonnes annually.

Russia is the world's biggest producer of titanium, a light yet strong metal which is highly resistant to corrosion. The world's market for the metal is quite small, with total world output of 44,000 tonnes a year. Last year about 60 per cent of VSMPO's titanium exports went to the US and 26 per cent to Europe. An estimated 70 per cent of the metal is used in aerospace production.

Much of the additional exports from Russia were likely to be taken up by specialists said. One US analyst said yesterday: "It's my understanding that Boeing has been seeking to buy large quantities direct for three years, as US mills are increasingly unable to keep up with demand."

Mr Yurkov said yesterday that VSMPO was now Boeing's main titanium supplier, and also one of the leading sources of the metal for Airbus Industrie.

Oil supported by prospect of US chill

MARKETS REPORT

By Gary Mead
and Robert Corzine

The prospect of several days of below-normal temperatures in the north-east US helped underpin world oil prices yesterday.

Brent Blend for June delivery was quoted at about \$17.81 a barrel in late London trading - 6 cents up on Wednesday's

close of \$17.81 - although Brent had earlier fallen to \$17.66 a barrel.

The US region's reliance on large amounts of fuel oil during prolonged periods of cold weather can make it a big factor in setting wider crude prices.

But traders did not expect the current cold snap in the north-east to have more than a temporary impact on crude oil prices, which have

steadily weakened over the past two months or so because of a relatively mild winter and spring in the northern hemisphere and rising production in many parts of the world.

On the London Metal Exchange trading of all base metals was lethargic. The three-month contract for copper staged an early recovery in the morning - achieving a peak of \$2,280 -

before backsliding and ending at \$2,260.

Copper traders seemed unperturbed by the threat of a strike starting today at the Escondida copper mine in Chile, the world's biggest, which accounts for 9.5 per cent of the western world's output.

Escondida yesterday reported output up sharply in the first quarter of the year, from 175,541 tonnes to

209,121 tonnes year-on-year.

Elsewhere, confusion persisted over the possibility of resumed Russian exports to Japan of palladium. Mr Anatoly Chubais, first deputy prime minister and finance minister, said Russia needed an "emergency revenue programme" and implied precious metals would figure in an effort to raise the equivalent of \$5bn. Palladium rose \$2.50 an ounce, to \$154.25.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

Close 1515-16 1550-51

High/Low 1515-16 1550-51

AM Official 1518-9 1553-5

Kerb close n/a

Open int. n/a

Total daily turnover n/a

ALUMINIUM ALLOY (\$ per tonne)

Close 1410-20 1440-45

High/Low 1410-20 1440-45

AM Official 1418-21 1447-9

Kerb close n/a

Open int. n/a

Total daily turnover n/a

LEAD (\$ per tonne)

Close 634-5 639-40

High/Low 634-5 639-40

AM Official 634-5 638-8.5

Kerb close n/a

Open int. n/a

Total daily turnover n/a

NICKEL (\$ per tonne)

Close 7190-70 7275-80

High/Low 7165-75 7290-85

AM Official 7205-10 7316-7

Kerb close n/a

Open int. n/a

Total daily turnover n/a

TIN (\$ per tonne)

Close 5615-20 5670-75

High/Low 5605-75 5715-20

AM Official 5625-30 5675-80

Kerb close n/a

Open int. n/a

Total daily turnover n/a

ZINC, special high grade (\$ per tonne)

Close 1229-30 1247-48

High/Low 1224-25 1247-48

AM Official 1221-2 1243-4

Kerb close n/a

Open int. n/a

Total daily turnover n/a

COPPER, grade A (\$ per tonne)

Close 2301-5.35 2296-7

High/Low 2301-5.35 2296-7

AM Official 2303-4 2296-9

Kerb close n/a

Open int. n/a

Total daily turnover n/a

LME AM Official 2/5 ratio: 1.6288

Close 341.25-343.25 341.25-343.25

High/Low 341.25-343.25 341.25-343.25

AM Official 341.25-343.25 341.25-343.25

Kerb close n/a

Open int. n/a

Total daily turnover n/a

PRECIOUS METALS

LONDON BULLION MARKET

(Prices supplied by N.M. Rothschild)

Gold (Troy oz) \$ price 342.85-343.25 342.85-343.25

Opening 341.50-341.80 341.50-341.80

Morning fix 341.20 203.45 501.225

Afternoon fix 340.40 208.50 499.367

Day's High 342.25-343.25 342.25-343.25

Day's Low 340.00-340.40 340.00-340.40

Previous close 340.10-340.80 340.10-340.80

Loco Ldn Mean Gold Landing Rates (\$ US\$)

1 month 4.42 6 months 4.51

3 months 4.44 12 months 4.52

3 months 4.48

Silver fix 287.00 483.50

Spot 301.15 488.60

3 months 305.50 496.15

6 months 314.25 509.50

1 year 314.25 509.50

Gold/Gold \$ price 5.00 208-211

London Gold 341-343 208-211

New Sovereign 80-83 49-51

Precious Metals continued

GOLD COMEX (100 Troy oz; \$/troy oz)

Close 342.1 +1.0 343.8 340.5 150 490

High/Low 342.1 +1.0 343.8 340.5 150 490

AM Official 342.1 +1.0 343.8 340.5 150 490

Kerb close n/a

Open int. n/a

Total daily turnover n/a

PLATINUM NYMEX (50 Troy oz; \$/troy oz)

Close 376.4 +6.8 378.8 376.3 32 40

High/Low 376.4 +6.8 378.8 376.3 32 40

AM Official 376.4 +6.8 378.8 376.3 32 40

Kerb close n/a

Open int. n/a

Total daily turnover n/a

PALLADIUM NYMEX (100 Troy oz; \$/troy oz)

Close 153.50 +2.50 156.00 151.00 1123 632

High/Low 153.50 +2.50 156.00 151.00 1123 632

AM Official 153.50 +2.50 156.00 151.00 1123 632

Kerb close n/a

Open int. n/a

Total daily turnover n/a

SILVER COMEX (50,000 Troy oz; \$/troy oz)

Close 468.6 -7.5 468.0 468.0 - 2

High/Low 468.6 -7.5 468.0 468.0 - 2

AM Official 468.6 -7.5 468.0 468.0 - 2

Kerb close n/a

Open int. n/a

Total daily turnover n/a

ENERGY

CRUDE OIL NYMEX (1,000 barrels; \$/barrel)

Close 19.40 +0.10 19.50 19.30 12 2,708

High/Low 19.40 +0.10 19.50 19.30 12 2,708

AM Official 19.40 +0.10 19.50 19.30 12 2,708

Kerb close n/a

Open int. n/a

Total daily turnover n/a

CRUDE OIL IPE (\$/barrel)

Close 19.40 +0.10 19.50 19.30 12 2,708

High/Low 19.40 +0.10 19.50 19.30 12 2,708

AM Official 19.40 +0.10 19.50 19.30 12 2,708

Kerb close n/a

Open int. n/a

Total daily turnover n/a

HEATING OIL NYMEX (2,000 US gal; \$/US gal)

Close 54.16 +0.57 54.73 53.20 12,578 29,019

High/Low 54.16 +0.57 54.73 53.20 12,578 29,019

AM Official 54.16 +0.57 54.73 53.20 12,578 29,019

Kerb close n/a

Open int. n/a

Total daily turnover n/a

NATURAL GAS NYMEX (10,000 mcf; \$/mcf)

Close 2.07 +0.05 2.08 1.96 18,894 23,975

High/Low 2.07 +0.05 2.08 1.96 18,894 23,975

AM Official 2.07 +0.05 2.08 1

FT MANAGED FUNDS SERVICE

UG Div Performance	\$1,300	1.507	+0.1
HS Div Administration	\$1,300	1.300	+0.0

OFFSHORE

OFFSHORE INSURANCES

	Page	7
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FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on 1-44 171 873 4378 for more details.

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Page Ninety Four	1000	1000	1.7	1.7
Page Ninety Five	1000	1000	1.7	1.7
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4 Total Officer Corp	166	---	158	3.9	10

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Commodity	Unit	Price	Change
Crude oil	barrel	22.15	↓ 0.05
Gasoline	gallon	1.15	↓ 0.01
Heating oil	gallon	1.15	↓ 0.01
Coal	ton	12.50	↓ 0.10
Iron ore	ton	12.50	↓ 0.10
Copper	ton	12.50	↓ 0.10
Aluminum	ton	12.50	↓ 0.10
Lead	ton	12.50	↓ 0.10
Zinc	ton	12.50	↓ 0.10
Nickel	ton	12.50	↓ 0.10
Silver	ounce	12.50	↓ 0.10
Gold	ounce	12.50	↓ 0.10
Platinum	ounce	12.50	↓ 0.10
Palladium	ounce	12.50	↓ 0.10
Mercury	ounce	12.50	↓ 0.10
Vanadium	ton	12.50	↓ 0.10
Chromium	ton	12.50	↓ 0.10
Manganese	ton	12.50	↓ 0.10
Phosphorus	ton	12.50	↓ 0.10
Potassium	ton	12.50	↓ 0.10
Sulfur	ton	12.50	↓ 0.10
Selenium	ton	12.50	↓ 0.10
Tellurium	ton	12.50	↓ 0.10
Antimony	ton	12.50	↓ 0.10
Strontium	ton	12.50	↓ 0.10
Barium	ton	12.50	↓ 0.10
Bismuth	ton	12.50	↓ 0.10
Thallium	ton	12.50	↓ 0.10
Lead	ton	12.50	↓ 0.10
Zinc	ton	12.50	↓ 0.10
Nickel	ton	12.50	↓ 0.10
Copper	ton	12.50	↓ 0.10
Aluminum	ton	12.50	↓ 0.10
Iron ore	ton	12.50	↓ 0.10
Coal	ton	12.50	↓ 0.10
Gasoline	gallon	1.15	↓ 0.01
Heating oil	gallon	1.15	↓ 0.01
Crude oil	barrel	22.15	↓ 0.05

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Symbols referring to dividend status appear in the notes column daily as: 2 equals no dividend and B/E ratios. Dividends and Dividend

[illegible]

Official estimates for 1996-97.

[illegible]

subject to availability.

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LONDON STOCK EXCHANGE

UK equities reluctant to follow Wall St lead

MARKETS REPORT

By Steve Thompson,
UK Stock Market Editor

There was no let-up in the London equity market's stubborn refusal to get too excited by the latest domestic economic news, which showed a downturn in UK inflation, or the latest upsurge on Wall Street.

The domestic fund management groups simply refused to be drawn into chasing UK shares higher with the general election getting ever closer and the prospect of a rise in UK interest rates shortly afterwards.

Although an instant post-elect-

tion interest rate rise is not seen as a certainty, few economists expect rates to remain on hold for long after the election result. Certainly, in the event of a Labour victory, a rise of 50 basis points is already pencilled, at the latest following the scheduled June 10 mini-budget.

The inflation figures were slightly better than expected, the headline figure coming in up 0.3 per cent at 2.6 per cent on the year and the core number up the same at 2.7 per cent for the year.

Economists refused to get carried away by those numbers, insisting that they had been helped by weakness in food prices which accounted for all

the 0.2 per cent fall in the RPI-X annual rate. As Mr Simon Briscoe at Nikko Europe put it: "It is a case of vegetables saving Clarke's bacon."

Dealers said it was becoming increasingly clear that it would take something special to budge the London market from its pre-election lethargy. Marketmakers insist there is very little downward pressure on share prices, but the institutions are not interested in buying the market so close to the election.

Sterling was not helping either, with the Bank of England's sterling exchange rate index moving back up to the 100 level.

The FTSE 100 index made a

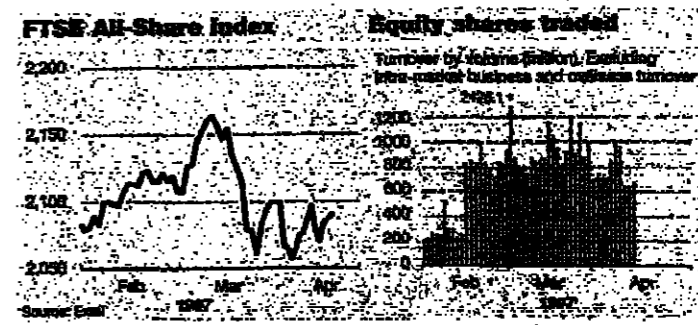
token effort to move higher, and drove through the 4,300 level before losing momentum and slipping back into the red and stabilising before the close.

The index finished a net 4.3 firmer at 4,298.9. Second-liners struggled, the FTSE 250 finishing 0.3 ahead at 4,524.9, while the SmallCap index rose 1.7 to 2,298.4. Mr Richard Jeffrey, group economist at Charterhouse, the merchant bank, adopted a hard line on interest rates after the inflation news saying: "The message for the next government is simple - base rates will have to go up, and faster than the markets are currently anticipating."

Wall Street continued its astonishing recovery after last Friday's 148-point retreat on the Dow Jones Industrial Average. It shot up a further 92 points overnight, producing a near-300 point rise over the past three sessions and was up a further 32 points an hour after London closed.

The market's firm showing yesterday was not, sadly, accompanied by any big upturn in customer business. Turnover at 6pm finished at 687.4m shares, with activity in non-FTSE 100 issues just outpacing the leaders.

The day's big individual stories included further heavy two-way activity in BAT and the start of the big share buy-back operation in LucasVarity.



Indices and ratios					
FTSE 100	4298.9	+4.3	FT 30	2634.1	-2.7
FTSE 250	4524.9	+0.3	FTSE Non-Fin p/e	18.13	18.20
FTSE 350	2117.7	+1.7	FTSE 100 P/E Jun	4915.0	+4.0
FTSE All-Share	2089.0	+1.8	10 y Gld yield	7.52	7.50
FTSE All-Share yield	3.66	3.69	Long Gld/yield ytd ratio	2.05	2.08

Best performing sectors		
1 Distributors	+0.9	
2 Gas Distribution	+0.7	
3 Building Metals & Mech	+0.6	
4 Electronic & Elect Eq	+0.5	
5 Building & Cons	+0.4	

Worst performing sectors		
1 Health Care	-0.7	
2 Diversified Inds	-0.7	
3 Engineering/Vehicles	-0.8	
4 Extractive Inds	-0.8	
5 Oil Exploration & Prod	-0.8	

Boost for Lloyds

By Peter John
and Joel Kibazo

Banking stocks were traded with one very focused eye on the flotation of the Alliance & Leicester Building Society which gets under way with an auction today.

There was growing sense of malaise over the issue and a sense that any fund needing exposure to the sub-sector would be better off building weightings in Abbey National and Lloyds TSB.

Abbey National is the purest building society play, although with the shares only 10 off their all-time closing peak they remained steady at 790p. Lloyds, which peaked recently at 831p, added 5p to 819p yesterday.

As for the Alliance the consensus price in the unofficial grey market quoted by financial bookmakers IG Index was between 494p and 502p yesterday.

Nevertheless, that includes a premium of up to 50p, which reflects a possible bid and the scarcity value of the stock to institutions which need to achieve a full weighting. With takeover hopes fading in some quarters and the Alliance releasing more stock than previously expected that premium could fade quite sharply.

Selected utilities traded cautiously as one of the big

US brokers tempered its enthusiasm.

Goldman Sachs produced an in-depth review of the sector in which it pointed out that "recent share price performance has closed the gap between current price and our fair-value targets". Analyst Mr Philip Green was actively marketing his views to US investors yesterday.

He moved his sector stance from "overweight" to "moderately overweight" and, specifically, turned more cautious on Scottish Hydro-Electric which fell 3 to 389p as he reduced his recommendation to "market performer" from "market outperformer" following a strong performance.

Mr Green went more positive on British Energy and raised his target on the fully paid shares to 242p from 230p. The partly paid shares eased to 133p. Goldman's principal buy remains The Energy Group, but the shares drifted 4 to 496p on general profit-taking.

Anglo-US engineering group LucasVarity was one of the day's talking points after confirming it had bought back 10m of its shares for cancellation.

The company surprised the market on Tuesday with plans for a larger-than-expected £150m share buy-back and dividend programme. LucasVarity said it would be buying back around 3 per cent of its issued share capital.

There had been hints in the market late on Wednesday that ABN Amro Hoare Govett, one of the company's two joint brokers, had

been in the market shopping for stock. However, the company indicated it was unable to comment on the rumours at that stage.

Confirmation of the repurchase, representing some 0.7 per cent of the company's share capital, came early in the day. The company had paid 198p a share for the stock from ABN Amro Hoare Govett and specialists suggested they expected further buying from the company before it goes into closed season at the end of this month.

However, doubts about the company's strategy remain, and bearish opinion on the stock continued to exact a toll on shares. They fell another 3 to 139p with one analyst saying: "I am not sure that the LucasVarity can afford the plans it laid out this week."

Turnover at the end of

the session stood at 14m. Prudential picked up after a strong first-quarter new business report from the insurance group, but lost ground later to end the day only a penny higher at 568p. The Pru said worldwide single-premium sales were up 22 per cent in the first quarter of 1997 and its regular premium sales up 17 per cent.

Legal & General, up 6 at 388, was helped by the Pru statement which earlier in the week overreacted to news that its chief executive had sold 137,500 shares.

Dealers were keeping a close eye on engineering company Turpin Group. Minutes before the market close, it was announced that Mr David Abell, former chairman of the mini-conglomerate Sater, now has a declared interest in Turpin Group of 3.03 per cent.

The shares closed a penny up at 19p. The group announced improved figures earlier this week.

Farmal advanced 4 to 500p, following a Nat-West Securities recommendation. The broker said: "More positive news-flow over the next few months should begin to provide some support to the shares as attention turns to the long-term strategic benefits of the premier acquisition. We expect this to provide a steady re-rating of the shares in the medium term, from today's lowly 5 per cent p/e premium."

There was a shortage of stock in Spirax Sarco that was cited as the reason for the advance in the shares. They rose to 75p. Analysts continued to dismiss rumours of a bid for Spirax from Siebe. Shares in the latter went up 2p to 943p on the talk.

Cobham which reported figures at the top end of market expectations on Wednesday, continued in favour. They gained 18p to 871p as several brokers upgraded profit expectations.

Bass slid 7p to 785p with concern increasing over its acquisition of Carlsberg-Tetley and the long delay by the Monopolies and Mergers Commission, which has to approve the deal. There are also worries about hotel profits. Bass derives some 25 per cent of operating profits from hotels, and figures from one large data research organisation have shown that US hotel occupancies are flattening out, with the inference that rates will flatten later.

Carlton Communications was the strongest Footsie stock with a rise of 22 to 528p/4p as buyers responded to a Morgan Stanley recommendation. The broker Stanley set a 600p target price on

FT 30 INDEX		Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 11	Yr ago	High	Low		
FT 30		2894.1	2896.8	2833.1	2813.3	2820.0	2847.1	2893.1	2898.8	2868.8		
Ord. civ. yield		3.82	3.92	3.93	3.96	3.94	3.98	4.29	4.31	4.27		
P/E ratio net		16.04	16.93	16.50	16.76	16.83	16.83	18.09	18.59	18.09		
P/E ratio ind		16.04	16.93	16.76	16.76	16.83	16.89	16.50	17.87	15.75		
FT 30 spot composite High 2814.1 10037.97 low 48.4 2650.64 Date: 1/7/95												
FT 30 hourly changes		Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2847.3 2844.8 2839.2 2837.3 2838.6 2835.7 2833.9 2831.1 2834.3 2847.3 2830.0												
		Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6
SEAD bargains		40,049	42,118	40,800	41,498	44,222	40,401	44,222	40,401	44,222	40,401	44,222
Equity turnover (bn/yr)			NA	NA	1826.3	1847.2	2072.2	2072.2	2072.2	2072.2	2072.2	2072.2
Equity turnover (bn/yr)			NA	NA	37,761	38,023	45,950	45,950	45,950	45,950	45,950	45,950
Share traded (bn)			NA	NA	878.1	844.9	844.9	844.9	844.9	844.9	844.9	844.9
[Excluding inter-market and overseas turnover but including CMC turnover]												
		Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6
FTSE AIM		1089.7	1087.1	1089.0	1088.4	1089.5	1026.4	1140.4	1140.4	1140.4	985.	985.
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London market data												
Rises and falls		62 Week highs and lows						LIFFE Options				
Total Rises	539	Total Highs						Total contracts				
Total Falls	498	Total Lows						Calls				
Same	1,373							Puts				
								21,98				
Apr 17 Data based on Equity shares listed on the London Share Service.												

WORLD STOCK MARKETS

US INDICES

1987										1987																								
Apr 17					Apr 15					Apr 14					High																			
Low					Low					Low					Low																			
Argentine																																		
Bolsa de Comercio (2/27)																																		
Australia																																		
All Ordinaries (1/10)																																		
BSE (1/10)																																		
Canada																																		
TSX 300 (1/28)																																		
Brazil																																		
Bolsa de Sao Paulo (2/28)																																		
Germany																																		
DAX (1/17)																																		
France																																		
CAC 40 (1/17)																																		
Italy																																		
Borsa di Milano (1/17)																																		
Japan																																		
Nikkei 225 (1/18)																																		
South Korea																																		
KOSPI (1/17)																																		
Taiwan																																		

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[illegible]**NASDAQ NATIONAL MARKET**

Net Gains	0.13	20	91%	91%	91%	
Net Loss		186	3%	3%	3%	-1%
Net Income	70	323	18%	18%	18%	-1%
Net Loss	120	18	110%	42%	42%	-1%

EASDAQ

European Stock Market focused on

[illegible]

Prices for 12/4/97. Please note that trading prices are currently used to calculate highs and lows.

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Financial Times, World Business, 1994, p. 14.

